AT&T INC.
Form DEF 14A
March 10, 2011
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No. __)

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

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

AT&T Inc.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

(2) Aggregate number of securities to which the transaction applies:

(3) Per unit price or other underlying value of the transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of the transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

When:	9:00 a.m., local time, Friday, April 29, 2011
Where:	Statehouse Convention Center 1 Statehouse Plaza Little Rock, Arkansas 72201
Items of business:	Election of 12 Directors Ratification of Ernst & Young LLP as independent auditors Advisory vote on executive compensation Advisory vote on frequency of submission of vote on executive compensation Approve 2011 Incentive Plan Such other matters, including certain stockholder proposals, as may properly come before the meeting.
Who can vote:	Holders of AT&T Inc. common stock of record at the close of business on March 1, 2011, are entitled to vote at the meeting and any adjournment of the meeting.
Voting by proxy:	Please sign, date and return your proxy card or submit your proxy and/or voting instructions by telephone or through the Internet promptly so that a quorum may be represented at the meeting. Any person giving a proxy has the power to revoke it at any time, and stockholders who are present at the meeting may withdraw their proxies and vote in person.

By Order of the Board of Directors.

Ann Effinger Meuleman

Senior Vice President and Secretary

March 10, 2011

Table of Contents

Proxy Statement

Important notice regarding the availability of proxy materials for

the stockholder meeting to be held on April 29, 2011:

The proxy statement and annual report to security

holders are available at www.edocumentview.com/att.

Table of Contents **Page**

Table of Contents

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of AT&T Inc. (AT&T, the Company, or we) for use at the 2011 Annual Meeting of Stockholders of AT&T. The meeting will be held at 9:00 a.m. local time on Friday, April 29, 2011, in the Wally Allen Ballroom at the Statehouse Convention Center, 1 Statehouse Plaza, Little Rock, Arkansas 72201.

The purposes of the meeting are set forth in the Notice of Annual Meeting of Stockholders (preceding the table of contents). This Proxy Statement and form of proxy are being sent beginning March 10, 2011, to certain stockholders who were record holders of AT&T s common stock, $1.00 par value per share, at the close of business on March 1, 2011. These materials are also available at www.edocumentview.com/att. Each share entitles the registered holder to one vote. As of January 31, 2011, there were 5,911,433,420 shares of AT&T common stock outstanding.

If you plan to attend the meeting in person, please bring the admission ticket (which is attached to the proxy card or the Annual Meeting Notice and Admission Ticket) to the Annual Meeting. If you do not have an admission ticket, you will be admitted upon presentation of photo identification at the door.

AT&T s executive offices are located at Whitacre Tower, One AT&T Plaza, 208 S. Akard Street, Dallas, Texas 75202.

All shares represented by proxies will be voted by one or more of the persons designated on the form of proxy in accordance with the stockholders directions. If the proxy card is signed and returned or the proxy is submitted by telephone or through the Internet without specific directions with respect to the matters to be acted upon, the shares will be voted in accordance with the recommendations of the Board of Directors. Any stockholder giving a proxy may revoke it at any time before the proxy is voted at the meeting by giving written notice of revocation to the Senior Vice President and Secretary of AT&T, by submitting a later-dated proxy or by attending the meeting and voting in person. The Chairman of the Board will announce the closing of the polls during the Annual Meeting. Proxies must be received before the closing of the polls in order to be counted.

Instead of submitting a signed proxy card, stockholders may submit their proxies by telephone or through the Internet. Telephone and Internet proxies must be used in conjunction with, and will be subject to, the information and terms contained on the form of proxy. Similar procedures may also be available to stockholders who hold their shares through a broker, nominee, fiduciary or other custodian.

If a stockholder participates in the plans listed below and/or maintains stockholder accounts under more than one name (including minor differences in registration, such as with or without a middle initial), the stockholder may receive more than one set of proxy materials. To ensure that all shares are voted, please submit proxies for all of the shares you own.

Where the stockholder is not the record holder, such as where the shares are held through a broker, nominee, fiduciary or other custodian, the stockholder must provide voting instructions to the record holder of the shares in accordance with the record holder s requirements in order to ensure the shares are properly voted.

A stockholder may designate a person or persons other than those persons designated on the form of proxy to act as the stockholder s proxy by striking out the name(s) appearing on the proxy card, inserting the name(s) of another person(s) and delivering the signed card to that person(s). The person(s) designated by the stockholder must present the signed proxy card at the meeting in order for the shares to be voted.

Table of Contents

The proxy card, or a proxy submitted by telephone or through the Internet, will also serve as voting instructions to the plan administrator or trustee for any shares held on behalf of a participant under any of the following employee benefit plans: the AT&T Savings Plan, the AT&T Savings and Security Plan, the AT&T Long Term Savings and Security Plan, the AT&T of Puerto Rico, Inc. Long Term Savings and Security Plan, the AT&T Puerto Rico Savings Plan, the AT&T Puerto Rico Retirement Savings Plan, the AT&T Retirement Savings Plan, and the BellSouth Savings and Security Plan. Subject to the trustee s fiduciary obligations, shares in each of the above employee benefit plans for which voting instructions are not received will not be voted. To allow sufficient time for voting by the trustees and/or administrators of the plans, your voting instructions must be received by April 26, 2011.

In addition, the proxy card or a proxy submitted by telephone or through the Internet will constitute voting instructions to the plan administrator under The DirectSERVICE Investment Program sponsored and administered by Computershare Trust Company, N.A. (AT&T s transfer agent) for shares held on behalf of plan participants.

No more than one annual report and Proxy Statement are being sent to multiple stockholders sharing an address unless AT&T has received contrary instructions from one or more of the stockholders at that address. Stockholders may request a separate copy of the most recent annual report and/or the Proxy Statement by writing the transfer agent at: Computershare Trust Company, N.A., P.O. Box 43078, Providence, RI 02940-3078, or by calling (800) 351-7221. Stockholders calling from outside the United States may call (781) 575-4729. Requests will be responded to promptly. Stockholders sharing an address who desire to receive multiple copies, or who wish to receive only a single copy, of the annual report and/or the Proxy Statement may write or call the transfer agent at the above address or phone numbers to request a change.

The cost of soliciting proxies will be borne by AT&T. Officers, agents and employees of AT&T and its subsidiaries and other solicitors retained by AT&T may, by letter, by telephone or in person, make additional requests for the return of proxies and may receive proxies on behalf of AT&T. Brokers, nominees, fiduciaries and other custodians will be requested to forward soliciting material to the beneficial owners of shares and will be reimbursed for their expenses. AT&T has retained D. F. King & Co., Inc. to aid in the solicitation of proxies at a fee of $19,500, plus expenses.

Stockholders who together represent 40% of the common stock outstanding and are entitled to vote must be present or represented by proxy in order to constitute a quorum to conduct business at the meeting.

YOUR VOTE IS IMPORTANT

Please sign, date and return your proxy card or submit your proxy and/or voting instructions by telephone or through the Internet promptly so that a quorum may be represented at the meeting. Any person giving a proxy has the power to revoke it at any time, and stockholders who are present at the meeting may withdraw their proxies and vote in person.

Table of Contents

The Board of Directors is responsible for our management and direction and for establishing broad corporate policies. In addition, the Board of Directors and various committees of the Board regularly meet to receive and discuss operating and financial reports presented by the Chairman of the Board and Chief Executive Officer and other members of management as well as reports by experts and other advisors. Corporate review sessions are also offered to Directors to give them more detailed views of our businesses and matters that affect our businesses, corporate opportunities, technology, and operations.

Assessing and managing risk is the responsibility of the management of AT&T. The Board of Directors oversees and reviews certain aspects of the Company s risk management efforts. Annually, the Board reviews the Company s strategic business plans, which includes evaluating the objectives of and risks associated with these plans (e.g., competitive, technology, economic, etc.).

In addition, under its charter, the Audit Committee reviews and discusses with management the Company s major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company s risk assessment and risk management policies. Members of the Finance and Compliance groups are responsible for managing risk in their areas and reporting regularly to the Audit Committee.

The Company s chief audit executive meets annually in executive session with the Audit Committee. The chief audit executive reviews with the Audit Committee each year s annual internal audit plan, which is focused on significant areas of financial, operating, and compliance risk. The Audit Committee also receives regular reports on completed internal audits of these significant risk areas.

The Finance/Pension Committee reviews policies designed by management regarding financial and market risk and actions taken by management to control the risk (e.g., the nature and extent of insurance coverage, interest rate and foreign currency exposure, counterparty risk, etc.).

Members of the Board are expected to attend Board meetings in person, unless the meeting is held by teleconference. The Board held eight meetings in 2010. All of the Directors attended at least 75% of the total number of meetings of the Board and Committees on which each served. Directors are also expected to attend the Annual Meeting of Stockholders. All of the Directors were present at the 2010 Annual Meeting.

At least four times a year, the non-management members of the Board of Directors meet in executive session, *i.e.,* without management Directors or management personnel present. The Lead Director, who is appointed for a two-year term, presides over these meetings. Jon C. Madonna currently serves as Lead Director; his term is scheduled to expire January 31, 2012.

Responsibilities of the Lead Director include:

- Leading the non-management Directors in executive session,
- Preparing the agenda for the executive sessions of the non-management Directors,
- Acting as the principal liaison between the non-management Directors and the Chairman and Chief Executive Officer,
- Coordinating the activities of the non-management Directors when acting as a group,
- Establishing together with the Chairman and Chief Executive Officer the agenda for each Board meeting, and
- Advising the Chairman and Chief Executive Officer as to the quality, quantity and timeliness of the flow of information from management, including the materials provided to Directors at Board meetings.

Table of Contents

In addition, the Lead Director may:

- Call meetings of the non-management Directors in addition to the quarterly meetings,
- Approve the addition of any item to the agenda for any Board meeting, and
- Require information relating to any matter be distributed to the Board.

Interested persons may contact the Lead Director or the non-management Directors by sending written comments through the Office of the Secretary of AT&T Inc. The Office will either forward the original materials as addressed or provide Directors with summaries of the submissions, with the originals available for review at the Directors request.

Randall Stephenson currently serves as both Chairman of the Board and Chief Executive Officer. The Board believes that having Mr. Stephenson serve in both capacities is in the best interests of AT&T and its stockholders because it enhances communication between the Board and management and allows Mr. Stephenson to more effectively execute the Company s strategic initiatives and business plans and confront its challenges. The Board believes that the appointment of an independent Lead Director and the use of regular executive sessions of the non-management Directors, along with the Board s strong committee system and substantial majority of independent Directors, allow it to maintain effective oversight of management.

The Corporate Governance and Nominating Committee is responsible for identifying candidates who are eligible under the qualification standards set forth in our Corporate Governance Guidelines to serve as members of the Board. The Committee is authorized to retain search firms and other consultants to assist it in identifying candidates and fulfilling its other duties. The Committee is not limited to any specific process in identifying candidates and will consider candidates whom stockholders suggest. Candidates are recommended to the Board after consultation with the Chairman of the Board. In recommending Board candidates, the Committee considers a candidate s:

- general understanding of elements relevant to the success of a large publicly traded company in the current business environment,
- understanding of our business, and
- educational and professional background.

The Committee also gives consideration to a candidate s judgment, competence, anticipated participation in Board activities, experience, geographic location and special talents or personal attributes. Although the Committee does not have a formal diversity policy, it believes that diversity is an important factor in determining the composition of the Board. Stockholders who wish to suggest qualified candidates should write to the Senior Vice President and Secretary, AT&T Inc., 208 S. Akard Street, Suite 3241, Dallas, Texas 75202, stating in detail the qualifications of the persons proposed for consideration by the Committee.

Under our Bylaws, the Board of Directors has the authority to determine the size of the Board and to fill vacancies. Currently, the Board is comprised of 13 Directors, one of whom is an executive officer of AT&T. We have included biographical information about each continuing Director on pages 14-20. Holdings of AT&T common stock by AT&T Directors are shown on the table on page 12.

The Board of Directors has nominated the 12 persons listed in this Proxy Statement, beginning on page 14, for election as Directors. Each of the nominees is an incumbent Director of AT&T recommended for re-election by the Corporate Governance and Nominating Committee. Under AT&T s Corporate Governance Guidelines, a Director will not be nominated for re-election if the Director has reached age 72. Accordingly, Patricia P. Upton will not stand for re-election at the 2011 Annual Meeting and the Board has voted to reduce its size to 12 Directors effective immediately before the meeting. There are no vacancies on the Board.

Table of Contents

Board Committees

From time to time the Board establishes permanent standing committees and temporary special committees to assist the Board in carrying out its responsibilities. The Board has established seven standing committees of Directors, the principal responsibilities of which are described below. The charters for each of these committees may be found on our web site at www.att.com.

Committee	Members	Functions and Additional Information	Meetings in 2010
Audit	Jon C. Madonna, Chair Jaime Chico Pardo James P. Kelly Laura D Andrea Tyson	Consists of four independent Directors. Oversees the integrity of our financial statements, the independent auditor s qualifications and independence, the performance of internal audit function and the independent auditors, and our compliance with legal and regulatory matters, including environmental matters. Responsible for the appointment, compensation, retention and oversight of the work of the independent auditor. The independent auditor audits the financial statements of AT&T and its subsidiaries.	13
Corporate Development	James H. Blanchard, Chair Jaime Chico Pardo Jon C. Madonna Laura D Andrea Tyson	Consists of four independent Directors. Reviews mergers, acquisitions, dispositions and similar transactions.	3
Corporate Governance and Nominating	Lynn M. Martin, Chair James P. Kelly John B. McCoy Joyce M. Roché	Consists of four independent Directors. Responsible for recommending candidates to be nominated by the Board for election by the stockholders, or to be appointed by the Board of Directors to fill vacancies, consistent with the criteria approved by the Board, and recommending committee assignments and the appointment of the Lead Director. Periodically assesses AT&T s Corporate Governance Guidelines and makes recommendations to the Board for amendments and also recommends to the Board the compensation of Directors. Takes a leadership role in shaping corporate governance and oversees an annual evaluation of the Board.	5
Executive	Randall L. Stephenson, Chair Gilbert F. Amelio Reuben V. Anderson James H. Blanchard Jon C. Madonna Lynn M. Martin John B. McCoy	Consists of the Chairman of the Board and the chairpersons of our six other standing committees. Established to assist the Board by acting upon matters when the Board is not in session. Has full power and authority of the Board to the extent permitted by law, including the power and authority to declare a dividend or to authorize the issuance of common stock.	0
Finance/ Pension	John B. McCoy, Chair Reuben V. Anderson Lynn M. Martin Laura D Andrea Tyson	Consists of four independent Directors. Assists the Board in its oversight of our finances, including recommending the payment of dividends and reviewing the management of our debt and investment of our cash reserves.	5
Human	Gilbert F. Amelio, Chair		7

Resources	James H. Blanchard John B. McCoy Matthew K. Rose Patricia P. Upton*	Consists of five independent Directors. Oversees the compensation practices of AT&T, including the design and administration of employee benefit plans. Responsible for establishing the compensation of the Chief Executive Officer and the other executive officers, establishing stock ownership guidelines for officers and developing a management succession plan.	
Public Policy	Reuben V. Anderson, Chair Gilbert F. Amelio Joyce M. Roché Patricia P. Upton*	Consists of four independent Directors. Assists the Board in its oversight of policies related to corporate social responsibility, as well as political and charitable contributions.	3

* Retiring effective April 29, 2011

Table of Contents

Independence of Directors

The New York Stock Exchange (NYSE) prescribes independence standards for companies listed on the NYSE, including us. These standards require a majority of the Board to be independent. They also require every member of the Audit Committee, Human Resources Committee, and Corporate Governance and Nominating Committee to be independent. A Director is considered independent only if the Board of Directors affirmatively determines that the Director has no material relationship with the listed company (either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company). In addition, the Board of Directors has adopted certain additional standards for determining the independence of its members. In accordance with the NYSE standards, a Director is not independent if:

The Director is, or has been within the last three years, an employee of AT&T, or an immediate family member is, or has been within the last three years, an executive officer of AT&T;

The Director has received, or has an immediate family member who has received, during any 12-month period within the last three years, more than $120,000 in direct compensation from AT&T, other than Director and committee fees and pension or other forms of deferred compensation for prior service (provided the compensation is not contingent in any way on continued service);

(a) The Director is a current partner or employee of a firm that is our internal or external auditor; (b) the Director has an immediate family member who is a current partner of such a firm; (c) the Director has an immediate family member who is a current employee of such a firm and personally works on our audit; or (d) the Director or an immediate family member was within the last three years a partner or an employee of such a firm and personally worked on our audit within that time period;

The Director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of our present executive officers at the same time serves or served on that company s compensation committee; or

The Director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, us for property or services in an amount which, in any of the last three fiscal years, is more than the greater of $1 million, or 2% of such other company s consolidated gross revenues.

Additional standards for determining independence of Directors have been established by our Board and are set forth in our Corporate Governance Guidelines, which can be found on our web site at www.att.com. These additional standards are:

A Director who owns, together with any ownership interests held by members of the Director s immediate family, 10% of another company that makes payments to or receives payments from us (together with our consolidated subsidiaries) for property or services in an amount which, in any single fiscal year, is more than the greater of $1 million or 2% of such other company s consolidated gross revenues, is not independent until three years after falling below such threshold.

A Director who is, or whose immediate family member is, a director, trustee or officer of a charitable organization, or holds a similar position with such an organization, and we (together with our consolidated subsidiaries) make contributions to the charitable organization in an amount which exceeds, in any single fiscal year, the greater of $1 million per year or at least 5% of such organization s consolidated gross revenues, is not independent until three years after falling below such threshold.

Table of Contents

The Board of Directors, using these standards for determining the independence of its members, has determined that the following Directors are independent: Gilbert F. Amelio, Reuben V. Anderson, James H. Blanchard, Jaime Chico Pardo, James P. Kelly, Jon C. Madonna, Lynn M. Martin, John B. McCoy, Joyce M. Roché, Matthew K. Rose, Laura D Andrea Tyson and Patricia P. Upton. Each member of the Audit Committee, the Corporate Governance and Nominating Committee, and the Human Resources Committee is independent.

Compensation of Directors

The compensation of Directors is determined by the Board with the advice of the Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee is composed entirely of independent Directors. None of our employees serve on this Committee. The Committee s current members are Lynn M. Martin (Chairperson), James P. Kelly, John B. McCoy, and Joyce M. Roché. Under its charter (available on our web site at www.att.com), the Committee periodically, and at least every two years, reviews the compensation and benefits provided to Directors for their service and makes recommendations to the Board for changes. This includes not only Director retainers and fees, but also Director compensation and benefit plans.

The Committee s charter authorizes the Committee to employ independent compensation and other consultants to assist in fulfilling its duties. The Committee may also form and delegate authority to subcommittees. From time to time, the Committee engages Total Rewards Strategies, LLC, an employee benefits and compensation consulting firm (which also acts as a consultant to the Human Resources Committee on executive compensation matters), to provide the Committee with information regarding director compensation paid by companies principally in the *Fortune 50*, *Fortune 100* and a special comparator group used by the Human Resources Committee. In reviewing Director compensation, the Committee may request Total Rewards Strategies to provide a study of director compensation disclosed in proxy statements of companies in the comparison groups. After reviewing the study, the Committee may make recommendations to the Board for modifying the compensation of Directors. In addition, from time to time, the Chief Executive Officer may make recommendations to the Committee or the Board about types and amounts of appropriate compensation and benefits for Directors.

Directors who are employed by us or one of our subsidiaries receive no separate compensation for serving as Directors or as members of Board committees. Non-employee Directors receive an annual retainer of $85,000, together with $2,000 for each Board meeting or corporate strategy session attended. Committee members receive $1,700 for each committee meeting attended, except that members of the Audit and Human Resources Committees receive $2,000 for each meeting attended in person. The Chairperson of each committee receives an additional annual retainer of $10,000, except for the Chairpersons of the Audit and Human Resources Committees, each of whom receives an additional annual retainer of $25,000. The Lead Director receives an additional annual retainer of $30,000. Retainers may be taken in cash or invested in AT&T stock.

Under the AT&T Non-Employee Director Stock and Deferral Plan (the Director Deferral Plan), Directors may choose to defer the receipt of their fees and all or part of their retainers into either deferred stock units or into a cash deferral account. Each deferred stock unit is equivalent to a share of common stock and earns dividend equivalents in the form of additional deferred stock units. Directors purchase the deferred stock units at the fair market value of AT&T common stock. Deferred stock units are paid in cash in a lump sum or in up to 15 annual installments, at the Director s election, after the Director ceases service with the Board. In addition, under the Director Deferral Plan each non-employee Director annually receives $150,000 in the form of deferred stock units. The annual grants are fully earned and vested at issuance.

Table of Contents

Deferrals into the cash deferral account under the Director Deferral Plan earn interest during the calendar year at a rate equal to the Moody s Long-Term Corporate Bond Yield Average for September of the preceding year (Moody s Rate). This interest rate roughly approximates the market interest rate prescribed by the Securities and Exchange Commission (SEC) for disclosure purposes. Amounts earned above the SEC interest rate, if any, are included in the Director Compensation table on page 9 under the heading Change in Pension Value and Nonqualified Deferred Compensation Earnings. Directors may annually choose to convert their cash deferral accounts into deferred stock units at the fair market value of our stock at the time of the conversion.

AT&T does not offer non-employee Directors a retirement plan or pension. However, Directors who joined the Board before 1997 have vested rights in a former pension plan that we no longer offer. *Only benefits that have already vested are payable under the plan.* Each Director who is vested in the former pension plan, upon retirement, will receive an annual pension equal to 10% of the annual retainer in effect at the time of his or her retirement multiplied by the number of years of service not to exceed ten years. The payments will continue for the life of the Director. If the Director dies before receiving ten years of payments, the Director s beneficiaries will receive the payments for the remainder of the ten-year period.

Upon our acquisition of Pacific Telesis Group (PTG) on April 1, 1997, certain of the former PTG Directors joined our Board. As part of their service with PTG, these Directors previously received PTG Deferred Stock Units, which were issued in exchange for a waiver by the Directors of certain retirement benefits. The PTG Deferred Stock Units are fully vested, earn dividend equivalents and are paid out in the form of cash after the retirement of the Director. After the acquisition of PTG, the Deferred Stock Units were modified so that their value was based on AT&T stock instead of PTG stock. Service as a Director of AT&T is deemed service with PTG for these benefits. In addition, these Directors were allowed to continue their prior deferrals of PTG retainers and fees made before they joined the AT&T Board at the PTG rates. Under the PTG plans, deferrals earn a rate of interest equal to Moody s Rate plus 4% for deferrals from 1985 through 1992, Moody s Rate plus 2% for deferrals from 1993 through 1995, and the ten-year Treasury Note average for the month of September for the prior year plus 2% for deferrals after 1995.

Similarly, upon our acquisition of BellSouth Corporation on December 29, 2006, certain of the former BellSouth Directors joined our Board. These Directors had previously made cash- and stock-based deferrals under the BellSouth Corporation Directors Compensation Deferral Plan, which was no longer offered after 2006. These deferrals pay out in accordance with the choices of the Directors. Cash deferrals earn a rate of interest equal to Moody s Monthly Average of Yields of Aa Corporate Bonds for the previous July, while earnings on deferrals in the form of stock units are reinvested in additional deferred stock units at the fair market value of the underlying stock.

In addition, under the BellSouth Nonqualified Deferred Compensation Plan offered to BellSouth Directors prior to its acquisition, Directors were permitted to make up to five annual deferrals of up to 100% of their compensation. For deferrals made for the 1995 and 1996 plan years, the plan returned the original deferred amount in the 7th year after the deferral year. Interim distributions were not made with respect to subsequent deferral periods. For deferrals made for the 1995 through 1999 plan years, Directors received fixed interest rates of 16%, 12.7%, 12.8%, 12.4% and 11.8%, respectively. Distributions are made at times elected by the Directors. BellSouth discontinued offering new deferrals beginning in 2000.

Table of Contents

Director Compensation

Director	Fees Earned or Paid in Cash (1) ($)	Stock Awards (2) (3) ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (4) ($)	All Other Compensation (5) ($)	Total ($)
William F. Aldinger III (6)	48,533	0	0	256,281	304,814
Gilbert F. Amelio	141,167	127,500	765	4,884	274,316
Reuben V. Anderson	130,367	127,500	56,382	2,806	317,055
James H. Blanchard	133,000	127,500	50,333	6,260	317,093
August A. Busch III (6)	39,100	0	0	290,749	329,849
Jaime Chico Pardo	129,400	127,500	0	15,102	272,002
James P. Kelly	135,100	127,500	35	3,755	266,390
Jon C. Madonna	170,033	127,500	0	7,168	304,701
Lynn M. Martin	130,850	127,500	0	14,757	273,107
John B. McCoy	131,000	127,500	0	7,073	265,573
Mary S. Metz (6)	39,433	0	2,242	267,974	309,649
Joyce M. Roché	116,600	127,500	0	24,078	268,178
Matthew K. Rose (6)	30,333	0	0	26	30,359
Laura D Andrea Tyson	128,800	127,500	1,768	6,177	264,245
Patricia P. Upton	121,200	127,500	24,148	4,314	277,162

1. The following table shows the number of deferred stock units purchased in 2010 by each Director with deferrals of their retainers and fees. Each year, Directors may elect to make monthly purchases during the following calendar year of deferred stock units at the fair market value of our stock at the time of the purchase.

Deferred Stock Units			
Director	Purchased in 2010	Director	Deferred Stock Units Purchased in 2010
Reuben V. Anderson	3,466	John B. McCoy	4,958
August A. Busch III	1,529	Joyce M. Roché	1,609
James P. Kelly	1,907		

2. This represents an annual grant of deferred stock units that are immediately vested, valued using the grant date value in accordance with FASB ASC Topic 718, and deferred. The deferred stock units will be paid out in cash after the Director ceases his or her service with the Board at the times elected by the Director.
3. Mr. Madonna holds 2,496 options that were originally granted by AT&T Corp. while he served on the Board of Directors of AT&T Corp. before its 2005 acquisition by AT&T Inc. (then known as SBC Communications Inc.). Similarly, Mr. Anderson, Mr. Blanchard, and Mr. Kelly hold 37,970 options, 43,464 options, and 35,799 options, respectively, that were originally granted by BellSouth Corporation while they served on the BellSouth Board before its 2006 acquisition by AT&T Inc.
4. The amount shown for Ms. Upton represents the total change in the actuarial present value of her pension during 2010. (The pension plan was discontinued for new Directors joining the Board in 1997 and later.) Amounts shown for all other Directors represent the difference between market interest rates determined pursuant to SEC rules and actual rates used to determine earnings on deferred compensation.
5. Under the AT&T Higher Education/Cultural Matching Gift Program, which covers AT&T employees as well as Directors, the AT&T Foundation matches charitable contributions ranging from $25 to $15,000 per year by active Directors. In 2010, a total of $63,235 was paid on behalf of active Directors under this program. The amounts reported in this column include the following matching contributions paid on behalf of the following Directors under this program: Mr. Chico $15,000, Dr. Metz $10,750, and Ms. Roché $17,985 ($5,872 of which relates to contributions made in 2009). In addition, in 2010, AT&T created a special, one-time matching gift program covering contributions by AT&T employees and Directors of $25 or more to organizations supporting those affected by the Fort Hood shootings. In 2010, a total of $27,200 was paid on behalf of active Directors under this program. The amounts reported in this column include a matching contribution of

$25,000 paid on behalf of Mr. Busch under this program. Also reported in this column are charitable contributions of $250,000 that AT&T made in 2010 on behalf of each of Mr. Aldinger, Mr. Busch, and Dr. Metz in connection with their retirement from the Board.

6. Mr. Aldinger, Mr. Busch, and Dr. Metz retired from the Board in April 2010; Mr. Rose joined the Board in September 2010.

Table of Contents

Under the rules of the SEC, public issuers, such as AT&T, must disclose certain Related Person Transactions. These are transactions in which the Company is a participant where the amount involved exceeds $120,000, and a Director, executive officer or holder of more than 5% of our common stock has a direct or indirect material interest.

AT&T has adopted a written policy requiring that each Director or executive officer involved in such a transaction notify the Corporate Governance and Nominating Committee and that each such transaction be approved or ratified by the Committee.

In determining whether to approve a Related Person Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Person Transaction:

- whether the terms of the Related Person Transaction are fair to the Company and on the same basis as would apply if the transaction did not involve a related person,
- whether there are business reasons for the Company to enter into the Related Person Transaction,
- whether the Related Person Transaction would impair the independence of an outside director, and
- whether the Related Person Transaction would present an improper conflict of interest for any of our Directors or executive officers, taking into account the size of the transaction, the overall financial position of the Director, executive officer or other related person, the direct or indirect nature of the Director s, executive officer s or other related person s interest in the transaction and the ongoing nature of any proposed relationship, and any other factors the Committee deems relevant.

A Related Person Transaction entered into without the Committee s pre-approval will not violate this policy, or be invalid or unenforceable, so long as the transaction is brought to the Committee as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.

During 2010, a brother of Ronald E. Spears, who was an executive officer in 2010, was employed by a subsidiary with an approximate rate of pay, including commissions, of $210,000. This rate of pay is similar to those paid for comparable positions at the Company. The employment of this person was approved by the Corporate Governance and Nominating Committee under the Company s Related Party Transactions Policy.

During 2010, John T. Stankey, President and Chief Executive Officer, AT&T Business Solutions, relocated from San Antonio, Texas to Dallas, Texas and was eligible to receive assistance under the AT&T s relocation plan offered by the Company s relocation agent to eligible managers. Under the plan, if an employee finds a buyer for his or her home, the relocation agent will complete the sale for the employee by taking possession of the home for later transfer to the buyer and paying the employee the purchase price. The agent will also pay the employee a bonus of 2% of the sales price, not to exceed $15,000 (since the agent avoids the expense of remarketing the home). Because Mr. Stankey found a buyer for his home, he received the sales price of $1.9 million and the full $15,000 bonus. The agent is also responsible for commissions and closing costs on the sale of the home. Under the relocation plan, if the employee voluntarily terminates employment prior to one year after the relocation, the employee is required to repay the relocation costs to the Company. This transaction was approved by the Corporate Governance and Nominating Committee under the Company s Related Party Transactions Policy. See note 4 to the Summary Compensation Table for moving expenses and other relocation benefits provided to Mr. Stankey in connection with his relocation.

Table of Contents

As disclosed in AT&T s 2010 proxy statement, since mid-2009 the Company has been distributing copies of the book *Obstacles Welcome: How to Turn Adversity into Advantage in Business and in Life*, by Ralph de la Vega (President and Chief Executive Officer, AT&T Mobility and Consumer Markets) to participants in the AT&T/Junior Achievement Worldwide Job Shadow Initiative, which is part of the AT&T Aspire initiative. AT&T Aspire initiative is an education initiative offered by the AT&T Foundation to provide grants focused on high school retention programs and better preparing students for college and the workforce. The AT&T Foundation has committed a total of $100 million in grants to schools and non-profit organizations under the Aspire initiative through 2011. For purposes of this initiative, the publisher prints an Aspire edition of the book at a reduced rate. *Mr. de la Vega has declined all profits from the Aspire edition.* AT&T expects to spend approximately $225,000 through mid-2011 in purchasing copies of the Aspire edition. While Mr. de la Vega receives no direct benefit from these purchases and thus the transactions do not constitute Related Person Transactions, these purchases were reviewed and approved by the Corporate Governance and Nominating Committee under the Company s Related Party Transactions Policy because of the importance of the initiative.

Table of Contents

Certain Beneficial Owners

The following table lists the beneficial ownership of each person holding more than 5% of AT&T s outstanding common stock as of December 31, 2010 (as reported in filings made with the Securities and Exchange Commission on Schedule 13G by the stockholder listed below).

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
BlackRock Inc., 55 East 52nd St., New York, NY 10055	318,386,677	5.39%

Directors and Officers

The following table lists the beneficial ownership of AT&T common stock and non-voting stock units as of December 31, 2010, held by each Director, nominee and officer named in the Summary Compensation Table on page 51. As of that date, each Director and officer listed below, and all Directors and executive officers as a group, owned less than 1% of our outstanding common stock. Except as noted below, the persons listed in the table have sole voting and investment power with respect to the securities indicated.

Name of Beneficial Owner	Total AT&T Beneficial Ownership (including options) (1)	Non-Voting Stock Units (2)	Name of Beneficial Owner	Total AT&T Beneficial Ownership (including options) (1)	Non-Voting Stock Units (2)
Gilbert F. Amelio	5,403	95,624	Patricia P. Upton	15,387	55,895
Reuben V. Anderson	58,910	29,826	Randall L. Stephenson	1,792,625	350,538
James H. Blanchard	111,385	20,491	Richard G. Lindner	522,138	95,686
Jaime Chico Pardo	50,000	10,514	Rafael de la Vega	739,290	26,193
James P. Kelly	41,766	25,546	John T. Stankey	522,382	41,534
Jon C. Madonna	17,069	23,042	D. Wayne Watts	334,629	25,155
Lynn M. Martin	4,139	56,310	All executive officers and Directors as a group (consisting of 22 persons, including those named above)	6,718,189	1,252,825
John B. McCoy	31,584	108,665			
Joyce M. Roché	2,041	86,348			
Matthew K. Rose	43,000	0			
Laura D Andrea Tyson	11,648	60,809			

1. The table above includes presently exercisable stock options and stock options that became exercisable within 60 days of the date of this table. The following Directors and executive officers hold the following numbers of options: Mr. Anderson 37,970, Mr. Blanchard 43,464, Mr. Kelly 35,799, Mr. Madonna 2,496, Mr. Stephenson 1,292,248, Mr. Lindner 235,310, Mr. de la Vega 390,786, Mr. Stankey 166,408, Mr. Watts 274,910, and all executive officers and Directors as a group 3,937,933. In addition, of the shares shown in the table above, the following persons share voting and investment power with other persons with respect to the following numbers of shares: Dr. Amelio 5,383, Mr. Blanchard 390, Mr. Madonna 14,573, Mr. Rose 43,000, Dr. Tyson 11,648, Ms. Upton 5,025, Mr. Stephenson 498,429, Mr. Lindner 164,084 Mr. Stankey 100,566, and Mr. Watts 54,461.
2. Represents number of vested stock units held by the Director or executive officer, where each stock unit is equal in value to one share of AT&T stock. The stock units are paid in stock or cash depending upon the plan and the election of the Director at times specified by the relevant plan. None of the stock units listed may be converted into common stock within 60 days of the date of this table. As noted under

Compensation of Directors, AT&T s plans permit non-employee Directors to acquire stock units (also referred to as deferred stock units) by deferring the receipt of fees and retainers into stock units and through a yearly grant of stock units. Officers may acquire stock units by participating in stock-based compensation deferral plans. Certain of the Directors also hold stock units issued by companies prior to their acquisition by AT&T that have been converted into AT&T stock units. Stock units carry no voting rights.

Table of Contents

Each share of AT&T common stock represented at the Annual Meeting is entitled to one vote on each matter properly brought before the meeting. All matters, except as provided below, are determined by a majority of the votes cast, unless a greater number is required by law or the Certificate of Incorporation for the action proposed. A majority of votes cast means the number of shares voted for a matter exceeds the number of votes cast against such matter.

In the election of Directors, each Director is elected by the vote of the majority of the votes cast with respect to that Director s election. Under our Bylaws, if a nominee for Director is not elected and the nominee is an existing Director standing for re-election (or incumbent Director), the Director must promptly tender his or her resignation to the Board, subject to the Board s acceptance. The Corporate Governance and Nominating Committee will make a recommendation to the Board as to whether to accept or reject the tendered resignation, or whether other action should be taken. The Board will act on the tendered resignation, taking into account the Corporate Governance and Nominating Committee s recommendation, and publicly disclose (by a press release, a filing with the SEC or other broadly disseminated means of communication) its decision regarding the tendered resignation and the rationale behind the decision within 90 days from the date of the certification of the election results. The Corporate Governance and Nominating Committee in making its recommendation and the Board of Directors in making its decision may each consider any factors or other information that they consider appropriate and relevant. Any Director who tenders his or her resignation as described above will not participate in the recommendation of the Corporate Governance and Nominating Committee or the decision of the Board of Directors with respect to his or her resignation.

If the number of persons nominated for election as Directors as of ten days before the record date for determining stockholders entitled to notice of or to vote at such meeting shall exceed the number of Directors to be elected, then the Directors shall be elected by a plurality of the votes cast. Because no persons other than the incumbent Directors have been nominated for election at the 2011 Annual Meeting, each nominee must receive a majority of the votes cast for that nominee to be elected to the Board.

The advisory votes on executive compensation and the frequency of submitting the compensation vote are non-binding. In each case, the Board will consider the choice receiving the greatest number of votes as the preference of the stockholders.

All other matters at the 2011 Annual Meeting will be determined by a majority of the votes cast. Shares represented by proxies marked abstain with respect to the proposals described on the proxy card and by proxies marked to deny discretionary authority on other matters will not be counted in determining the vote obtained on such matters. If the proxy is submitted and no voting instructions are given, the person or persons designated on the card will vote the shares for the election of the Board of Directors nominees and in accordance with the recommendations of the Board of Directors on the other subjects listed on the proxy card and at their discretion on any other matter that may properly come before the meeting.

Under the rules of the NYSE, on certain routine matters, brokers may, at their discretion, vote shares they hold in street name on behalf of beneficial owners who have not returned voting instructions to the brokers. Routine matters include the ratification of the appointment of the independent auditors. In instances where brokers are prohibited from exercising discretionary authority (so-called broker non-votes), the shares they hold are not included in the vote totals and therefore have no effect on the vote. At the 2011 Annual Meeting, brokers will be prohibited from exercising discretionary authority with respect to each of the matters submitted, other than the ratification of the auditors.

Table of Contents

Election of Directors (Item No. 1)

The following persons, each of whom is currently a Director of AT&T, have been nominated by the Board of Directors on the recommendation of the Corporate Governance and Nominating Committee for election to one-year terms of office that would expire at the 2012 Annual Meeting. In making these nominations, the Board reviewed the background of the nominees (each nominee s biography is set out below) and determined to nominate each of the current Directors for re-election, other than the retiring Director.

The Board believes that each nominee has valuable individual skills and experiences that, taken together, provide us with the variety and depth of knowledge, judgment and vision necessary to provide effective oversight of a large and varied enterprise like AT&T. As indicated in the following biographies, the nominees have significant leadership skills and extensive experience in a variety of fields, including telecommunications, technology, public accounting, education, economics, financial services, law, consumer marketing, transportation and logistics, labor, academic research, consulting and nonprofit organizations, each of which the Board believes provides valuable knowledge about important elements of AT&T s business. A number of the nominees also have extensive experience in international business and affairs, which the Board believes affords it an important global perspective in its deliberations.

All the nominees have significant experience in the oversight of large public companies due to their service as directors of AT&T and other companies. In addition, many of our Directors served on the boards of Ameritech Corporation, AT&T Corp., BellSouth Corporation, Pacific Telesis Group, and Southern New England Telecommunications Corporation, all large, publicly traded telecommunications companies that we acquired. These Directors provide historical perspective on the acquired companies, facilitate integration and continuity, and provide direction for the combined businesses. The Board believes that these skills and experiences qualify each nominee to serve as a Director of AT&T.

The Board recommends you vote FOR each of the following candidates:

RANDALL L. STEPHENSON, age 50, is Chairman of the Board, Chief Executive Officer and President of AT&T Inc. and has served in this capacity since June 2007. Mr. Stephenson has held a variety of high-level finance, operational, and marketing positions with AT&T, including serving as Chief Operating Officer from 2004 until his appointment as Chief Executive Officer in 2007 and as Chief Financial Officer from 2001 to 2004. He began his career with the Company in 1982. Mr. Stephenson received his B.S. in accounting from Central State University (now known as the University of Central Oklahoma) and earned his Master of Accountancy degree from the University of Oklahoma. He is the Chairperson of the Executive Committee. He has been a Director of AT&T since 2005. Mr. Stephenson is a Director of Emerson Electric Co. Mr. Stephenson s qualifications to serve on the Board include his 28 years of experience in the telecommunications industry, his intimate knowledge of our company and its history, his expertise in finance and operations management, and his years of executive leadership experience across various divisions of our organization, including serving as Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Senior Vice President of Finance, and Senior Vice President of Consumer Marketing.

Table of Contents

GILBERT F. AMELIO, age 68, who began his career at AT&T Bell Laboratories, is Senior Partner of Sienna Ventures (a privately-held venture capital firm in Sausalito, California) and has acted in this capacity since 2001. Dr. Amelio was Chairman and Chief Executive Officer of Jazz Technologies, Inc. (an analog-intensive mixed-signal semiconductor foundry solutions company) from 2005 until 2008 (at which time he was named Chairman Emeritus). Dr. Amelio was Chairman and Chief Executive Officer of Beneventure Capital, LLC (a venture capital firm) from 1999 to 2005 and was Principal of Aircraft Ventures, LLC (a consulting firm) from 1997 to 2004. Prior to that, he served as Chief Executive Officer of Apple Computer Inc. from 1996 to 1997 and National Semiconductor Corporation from 1991 to 1996. Dr. Amelio is responsible for a number of patents. He previously served as a Director of Jazz Technologies, Inc. (2005-2008). In 2008, Acquicor Management LLC (a former shareholder of Jazz Technologies, Inc.), where Dr. Amelio has served as the sole managing member since 2005, declared bankruptcy. In 2003, AmTech, LLC (a technology investments and consulting services firm), where Dr. Amelio served as Chairman and Chief Executive Officer from 1999 to 2004, declared bankruptcy. Dr. Amelio graduated from Georgia Institute of Technology where he earned his B.S., M.S. and Ph.D. degrees in physics. He was elected a Director of AT&T in 2001 and had previously served as an Advisory Director of AT&T from 1997 to 2001. He served as a Director of Pacific Telesis Group from 1995 until the company was acquired by AT&T (then known as SBC Communications Inc.) in 1997. He is the Chairperson of the Human Resources Committee and a member of the Executive Committee and the Public Policy Committee. He is a Director of InterDigital, Inc. and Pro-Pharmaceuticals, Inc. Dr. Amelio s qualifications to serve on the Board include his executive leadership experience in the oversight of other large publicly traded companies, his prior service as a director of a telecommunications company that we acquired, his technical background and expertise, and his experience and expertise in venture capital. These attributes are valuable particularly for a technology and innovation driven company like AT&T.

REUBEN V. ANDERSON, age 68, is a senior partner in the law firm of Phelps Dunbar, LLP in Jackson, Mississippi, where he has served as a partner since 1991. He practices in the areas of commercial and tort litigation and regulatory and governance matters. Prior to that, Mr. Anderson served as a judge in Mississippi for 15 years, including serving as a Mississippi Supreme Court Justice from 1985 to 1990. Mr. Anderson received his B.A. from Tougaloo College and his J.D. from University of Mississippi School of Law. Mr. Anderson was elected a Director of AT&T in 2006. He served as a Director of BellSouth Corporation from 1994 until the company was acquired by AT&T in 2006. He is the Chairperson of the Public Policy Committee and a member of the Executive Committee and the Finance/Pension Committee. Mr. Anderson is a Director of The Kroger Co. He previously served as a Director of Burlington Resources, Inc. (2001-2006) and Trustmark Corporation (1978-2009). Mr. Anderson s extensive knowledge and judgment in litigation matters and his legal expertise in regulatory and governance matters are important qualifications given the regulatory and legal issues faced by AT&T and our industry. His qualifications to serve on the Board also include his years of service as a judge, including on the Mississippi Supreme Court, and his extensive service on the boards of other public companies. His qualifications also include his 12 years of service on the board of a telecommunications company that we acquired.

Table of Contents

JAMES H. BLANCHARD, age 69, was Chairman of the Board of Synovus Financial Corp. (a diversified financial services holding company in Columbus, Georgia) and served in this capacity from 2005 to 2006, and prior to that served as its Chief Executive Officer from 1971 to 2005. Mr. Blanchard has over 35 years of finance and banking experience and in 2005 received recognition by US Banker Magazine as one of the 25 Most Influential People in Financial Services. Mr. Blanchard received his B.B.A. in business administration and his law degree from the University of Georgia. Mr. Blanchard was elected a Director of AT&T in 2006. He served as a Director of BellSouth Corporation from 1994 until the company was acquired by AT&T in 2006. He previously served as a Director of BellSouth Telecommunications Inc. from 1988 to 1994. He is the Chairperson of the Corporate Development Committee and a member of the Executive Committee and the Human Resources Committee. Mr. Blanchard is a Director of Synovus Financial Corp. and Total System Services, Inc. Mr. Blanchard s qualifications to serve on the Board include his long-standing service in executive leadership positions and his decades of experience in the financial services industry, all of which enable him to provide valuable insight to a large, publicly traded company like AT&T. His qualifications also include his 18 years of service as a director of telecommunications companies that we acquired.

JAIME CHICO PARDO, age 61, is President and Chief Executive Officer of ENESA (a private fund investing in the energy and health care sectors in Mexico) and has served in this capacity since March 2010. He was Co-Chairman of the Board of Teléfonos de México, S.A.B. de C.V. (Telmex) (a telecommunications company based in Mexico City) from April 2009 to April 2010, and previously served as its Chairman from 2006 until 2009 and its Vice Chairman and Chief Executive Officer from 1995 until 2006. He was Co-Chairman of IDEAL (Impulsora del Desarrollo y el Empleo en América Latina, S.A. de C.V., a publicly listed company in Mexico in the business of investing and managing infrastructure assets in Latin America) from 2006 to 2010 and served as Chairman of Carso Global Telecom, S.A. de C.V. from 1996 to 2010. Mr. Chico has spent a number of years in the international and investment banking business. He holds a B.A. in industrial engineering from Universidad Iberoamericana and earned his M.B.A. from the University of Chicago Graduate School of Business. Mr. Chico was elected a Director of AT&T in 2008. He is a member of the Audit Committee and the Corporate Development Committee. Mr. Chico is a Director of CICSA (Carso Infraestructura y Construccíon), where he is not planning to stand for reelection in 2011; Honeywell International Inc.; and IDEAL. He also serves as a Board member of certain American Funds. He previously served as a Director of Grupo Carso, S.A. de C.V. (1991-2010) and the following of its affiliates: América Móvil, S.A.B. de C.V. (2001-2009); América Telecom, S.A.B. de C.V. (2001-2006); Carso Global Telecom, S.A. de C.V. (1996-2010); Telmex (1991-2010); and Telmex Internacional, S.A.B. de C.V. (2008-2010). Mr. Chico s qualifications to serve on the Board include his leadership experience in the oversight of large, publicly traded companies and his significant understanding of the telecommunications industry. In addition, his background in and knowledge of international business and finance are particularly beneficial to a global company like AT&T.

Table of Contents

JAMES P. KELLY, age 67, was Chairman of the Board and Chief Executive Officer of United Parcel Service, Inc. (a global express carrier and package distribution logistics company in Atlanta, Georgia) from 1997 until his retirement in 2002, where he continued to serve as a Director until 2008. During Mr. Kelly s tenure as Chairman of United Parcel Service, the company grew beyond its core package delivery business to become a global supply chain management concern. Mr. Kelly received his B.A. in business from Rutgers University. Mr. Kelly was elected a Director of AT&T in 2006. He served as a Director of BellSouth Corporation from 2000 until the company was acquired by AT&T in 2006. He is a member of the Audit Committee and the Corporate Governance and Nominating Committee. He previously served as a Director of Dana Corporation (2002-2008) and Hewitt Associates, Inc. (2002-2007). Mr. Kelly s qualifications to serve on the Board include his extensive experience in the executive oversight of a complex, multinational organization and his vast experience in strategic planning, logistics, and consumer marketing, all issues that AT&T faces as a large, international company. His qualifications also include his six years of service as a director of a telecommunications company that we acquired.

JON C. MADONNA, age 67, was Chairman and Chief Executive Officer of KPMG (an international accounting and consulting firm in New York, New York) from 1990 until his retirement in 1996. He was with KPMG for 28 years where he held numerous senior leadership positions. Subsequent to his retirement from KPMG, Mr. Madonna served as Vice Chairman of Travelers Group, Inc. from 1997 to 1998 and President and Chief Executive Officer of Carlson Wagonlit Corporate Travel, Inc. from 1999 to 2000. He was Chief Executive Officer of DigitalThink, Inc. (an e-commerce company) from 2001 to 2002 and served as its Chairman from 2002 to 2004. Mr. Madonna received his B.S. in accounting from the University of San Francisco. Mr. Madonna has been a Director of AT&T since 2005. He served as a Director of AT&T Corp. from 2002 until the company was acquired by AT&T Inc. (then known as SBC Communications Inc.) in 2005. Mr. Madonna is the Chairperson of the Audit Committee and a member of the Corporate Development Committee and the Executive Committee. He is a Director of Freeport-McMoRan Copper & Gold Inc. and Tidewater Inc. He previously served as a Director of Albertson s, Inc. (2003-2006); Jazz Technologies, Inc. (2007-2008); Phelps Dodge Corporation (2003-2007); and Visa U.S.A. Inc. (2006-2007). Mr. Madonna s qualifications to serve on the Board include his executive leadership skills, his vast experience in public accounting with a major accounting firm, and his experience in international business and affairs, all strong attributes for the Board of AT&T. His qualifications also include his service as a director across diverse, publicly traded companies, including his prior service on the board of a telecommunications company that we acquired.

Table of Contents

LYNN M. MARTIN, age 71, is President of The Martin Hall Group, LLC (a human resources consulting firm in Chicago, Illinois) and has served in this capacity since 2005. Ms. Martin was Chair of the Council for the Advancement of Women and Advisor to the firm of Deloitte & Touche LLP (an auditing and management consulting services firm in Chicago, Illinois), where she was responsible for Deloitte s internal human resources and minority advancement matters from 1993 until 2005. She also held the Davee Chair at Kellogg School of Management, Northwestern University, from 1993 to 1999. She served as U.S. Secretary of Labor from 1991 to 1993 and as a member of the U.S. House of Representatives from Illinois from 1981 to 1991. Ms. Martin graduated Phi Beta Kappa from the University of Illinois with a B.A. in education. Ms. Martin has been a Director of AT&T since 1999. She served as a Director of Ameritech Corporation from 1993 until the company was acquired by AT&T (then known as SBC Communications Inc.) in 1999. Ms. Martin is the Chairperson of the Corporate Governance and Nominating Committee and a member of the Executive Committee and the Finance/Pension Committee. She is a Director of certain Dreyfus Funds and Ryder System, Inc. She previously served as a Director of Constellation Energy Group, Inc. (2003-2009) and The Procter & Gamble Company (1994-2010). Ms. Martin s qualifications to serve on the Board include her executive leadership experience and her expertise in regulatory and government matters and labor and human resources, which allow her to provide key insight to a company like AT&T with its complex labor and regulatory issues. Her qualifications also include her experience serving as a distinguished member of Congress and the Cabinet and her experience serving as a director of a number of publicly traded companies, including her six years of service as a director of a telecommunications company that we acquired.

JOHN B. MCCOY, age 67, was Chairman from 1999 and Chief Executive Officer from 1998 of Bank One Corporation (a commercial and consumer bank based in Chicago, Illinois) until his retirement in 1999. He was Chairman and Chief Executive Officer of its predecessor, Banc One Corporation, from 1987 to 1998 and prior to that served as President and Chief Executive Officer from 1984 to 1987 and as President from 1977 to 1984. Mr. McCoy received his B.A. in history from Williams College and earned his M.B.A. in finance from Stanford University s Graduate School of Business. Mr. McCoy has been a Director of AT&T since 1999. He served as a Director of Ameritech Corporation from 1991 until the company was acquired by AT&T (then known as SBC Communications Inc.) in 1999. He is the Chairperson of the Finance/Pension Committee and a member of the Corporate Governance and Nominating Committee, the Executive Committee and the Human Resources Committee. He is a Director of Onex Corporation. He previously served as a Director of Cardinal Health, Inc. (1987-2009) and ChoicePoint Inc. (2003-2008). Mr. McCoy s qualifications to serve on the Board include his executive leadership experience in overseeing large organizations and his vast knowledge of consumer banking and financial services, all of which enable him to provide valuable insight to a large, publicly traded company like AT&T. His qualifications also include his experience serving as a director of other publicly traded companies, including his eight years of service on the board of a telecommunications company that we acquired.

Table of Contents

JOYCE M. ROCHÉ, age 63, was President and Chief Executive Officer of Girls Incorporated (a national nonprofit research, education, and advocacy organization in New York, New York) from 2000 until her retirement in May 2010. Ms. Roché was an independent marketing consultant from 1998 to 2000. She was President and Chief Operating Officer of Carson, Inc. from 1996 to 1998 and Executive Vice President of Global Marketing of Carson, Inc. from 1995 to 1996. Prior to that, Ms. Roché held various senior marketing positions, including Vice President of Global Marketing for Avon Products, Inc. from 1993 to 1994. Ms. Roché received her B.A. in math education from Dillard University and earned her M.B.A. in marketing from Columbia University. Ms. Roché has been a Director of AT&T since 1998. She served as a Director of Southern New England Telecommunications Corporation from 1997 until the company was acquired by AT&T (then known as SBC Communications Inc.) in 1998. She is a member of the Corporate Governance and Nominating Committee and the Public Policy Committee. She is a Director of Dr Pepper Snapple Group, Inc.; Macy s, Inc.; and Tupperware Brands Corporation. She previously served as a Director of Anheuser-Busch Companies, Inc. (1998-2008) and The May Department Stores Company (2003-2006). Ms. Roche s qualifications to serve on the Board include her executive leadership experience and operations management skills in dealing with complex organizational issues. Her expertise in general management and consumer marketing are key benefits to AT&T. Her qualifications also include her experience serving as a director of a number of other publicly traded companies, including her prior service as a director of a telecommunications company that we acquired.

MATTHEW K. ROSE, age 51, is Chairman and Chief Executive Officer of Burlington Northern Santa Fe, LLC (a subsidiary of Berkshire Hathaway Inc. and formerly known as Burlington Northern Santa Fe Corporation) (one of the largest freight rail systems in North America) and has served in this capacity since 2002, having also served as President until November 2010. Before serving as its chairman, Mr. Rose held several leadership positions there and at its predecessors, including President and Chief Executive Officer from 2000 to 2002, President and Chief Operating Officer from 1999 to 2000, and Senior Vice President and Chief Operations Officer from 1997 to 1999. Since 2002, Mr. Rose has also been Chairman, President and Chief Executive Officer of BNSF Railway Company (a subsidiary of Burlington Northern Santa Fe, LLC). He earned his B.S. in marketing from the University of Missouri. Mr. Rose was elected a Director of AT&T in September 2010. He is a member of the Human Resources Committee. He is a Director of AMR Corporation; BNSF Railway Company; and Burlington Northern Santa Fe, LLC. He previously served as a Director of Centex Corporation (2006-2009). Mr. Rose s qualifications to serve on the Board include his extensive experience in the executive oversight of a large, complex and highly-regulated organization, his considerable knowledge of operations management and logistics, and his experience and skill in managing complex regulatory and labor issues comparable to those faced by AT&T. His qualifications also include his experience serving as a director of several other publicly traded companies.

Table of Contents

LAURA D ANDREA TYSON, age 63, is S. K. and Angela Chan Professor of Global Management at the Walter A. Haas School of Business, University of California at Berkeley, and has served in this capacity since 2008. Dr. Tyson also serves as a member of the Economic Recovery Advisory Board to the President of the United States. She has also been Professor of Business Administration and Economics at the Walter A. Haas School of Business, University of California at Berkeley, since 2007. Dr. Tyson was Dean of London Business School, London, England, from 2002 until 2006. She was Dean of the Walter A. Haas School of Business at the University of California at Berkeley from 1998 to 2001. Dr. Tyson served as Professor of Economics and Business Administration at the University of California at Berkeley from 1997 to 1998. She served as National Economic Adviser to the President of the United States from 1995 to 1996 and as Chair of the White House Council of Economic Advisers from 1993 to 1995. Since 2007, Dr. Tyson has served as a consultant and faculty member of the World Economic Forum in Switzerland. Dr. Tyson received her B.A. in economics from Smith College and earned her Ph.D. in economics at the Massachusetts Institute of Technology. She has been a Director of AT&T since 1999. She served as a Director of Ameritech Corporation from 1997 until the company was acquired by AT&T (then known as SBC Communications Inc.) in 1999. She is a member of the Audit Committee, the Corporate Development Committee and the Finance/Pension Committee. Dr. Tyson is a Director of CB Richard Ellis Group, Inc.; Eastman Kodak Company; and Morgan Stanley. Dr. Tyson s qualifications to serve on the Board include her expertise in economics and public policy, her experience as an advisor in various business and political arenas, and her vast knowledge of international business and affairs, all strong attributes for the Board of AT&T. Her qualifications also include her experience serving as a director of several publicly traded companies, as well as her prior service as a director of a telecommunications company that we acquired.

If one or more of the nominees should at the time of the meeting be unavailable or unable to serve as a Director, the shares represented by the proxies will be voted to elect the remaining nominees and any substitute nominee or nominees designated by the Board. The Board knows of no reason why any of the nominees would be unavailable or unable to serve.

Ratification of the Appointment of Ernst & Young LLP as Independent Auditors (Item No. 2)

This proposal would ratify the Audit Committee s appointment of the firm of Ernst & Young LLP to serve as independent auditors of AT&T Inc. for the fiscal year ending December 31, 2011. This firm has audited the accounts of AT&T since 1983. If stockholders do not ratify the appointment of Ernst & Young LLP, the Committee will reconsider the appointment. One or more members of Ernst & Young LLP are expected to be present at the Annual Meeting, will be able to make a statement if they so desire and will be available to respond to appropriate questions.

The Board recommends you vote FOR this proposal.

Table of Contents

Approve 2011 Incentive Plan (Item No. 3)

Your Board of Directors has adopted the 2011 Incentive Plan (Incentive Plan) for the purpose of replacing the 2006 Incentive Plan, previously approved by our stockholders in 2006. The Incentive Plan, like the prior plan, permits AT&T to compensate eligible managers with equity and cash awards. New awards will not be made under the Incentive Plan until stockholder approval is obtained for the Plan.

The Incentive Plan provides your Directors with the flexibility to compensate managers through a variety of possible awards. These awards may be tied to the financial or operational performance of the Company as well as to the performance of the stock. Because of the key role the Incentive Plan plays in the compensation of your executives, your Directors urge you to vote for approval of the Incentive Plan, including its performance standards.

The terms of the Incentive Plan are summarized below. In addition, the full text of the Incentive Plan is set forth in Appendix A to this Proxy Statement. The following summary is qualified in its entirety by reference to the text of the Incentive Plan.

Summary of the Incentive Plan

Performance Awards. The Incentive Plan allows certain committees of your Directors (each, a Plan Committee) to issue performance shares and performance units. These are contingent incentive awards that are converted into stock and/or cash and paid out to the participant only if specific performance goals are achieved over performance periods of not less than one year. If the performance goals are not achieved, the awards are forfeited or reduced. Performance shares are each equivalent in value to a share of common stock (payable in cash and/or stock), while performance units are equal to a specific amount of cash. In any calendar year, no participant may receive performance shares having a potential payout of performance shares (whether in the form of cash and/or stock) exceeding 1% of the shares approved for issuance under the Incentive Plan. Similarly, no participant may receive performance units having a potential payout exceeding an amount equivalent to 1% of the approved shares as of the date of the grant. Unless otherwise provided by the Plan Committee, participants receive dividend equivalents on performance shares.

Performance Goals. The performance goals set by the Plan Committee include payout tables, formulas or other standards to be used in determining the extent to which the performance goals are met and, if met, the number of performance shares and/or performance units that would be converted into stock and/or cash (or the rate of such conversion) and distributed to participants. The performance goals may include, or be offset by, any of the following criteria or any combination thereof:

Financial performance of the Company (on a consolidated basis), of one or more of its Subsidiaries (as that term is defined in the Incentive Plan), and/or a division of any of the foregoing. Such financial performance may be based on net income, Value Added (after-tax cash operating profit less depreciation and less a capital charge), EBITDA (earnings before interest, taxes, depreciation and amortization), revenues, sales, expenses, costs, gross margin, operating margin, profit margin, pre-tax profit, market share, volumes of a particular product or service or category thereof, including but not limited to the product s life cycle (for example, products introduced in the last two years), number of customers or subscribers, number of items in service, including but not limited to every category of access or other telecommunication or television lines, return on net assets, return on assets, return on capital, return on invested capital, cash flow, free cash flow, operating cash flow, operating revenues, operating expenses, and/or operating income.

Service performance of the Company (on a consolidated basis), of one or more of its Subsidiaries, and/or of a division of any of the foregoing. Such service performance may be based upon measured customer perceptions of service quality, employee satisfaction, employee retention,

Table of Contents

product development, completion of a joint venture or other corporate transaction, completion of an identified special project, and effectiveness of management.

The Company s stock price, return on stockholders equity, total stockholder return (stock price appreciation plus dividends, assuming the reinvestment of dividends), and/or earnings per share.

Impacts of acquisitions, dispositions, or restructurings, on any of the foregoing.

Except to the extent otherwise provided by the Plan Committee, if the matters making up one of the following categories exceeds certain limits, the category (as well as any related effects on cash flow, if applicable) shall be disregarded in determining whether or the extent to which performance goals are met: (1) changes in accounting principles; (2) extraordinary items; (3) changes in Federal tax law; (4) changes in the tax laws of the states; (5) expenses caused by natural disasters, including but not limited to floods, hurricanes, and earthquakes; (6) expenses resulting from intentionally caused damage to property of the business; (7) and non-cash accounting write-downs of goodwill and other intangible assets. A category shall be disregarded if the net impact of matters in the category on net income, after taxes and available and collectible insurance, exceed $500 million. In addition, where the net impact of matters in a category (calculated as in the above) exceed $200 million but not $500 million, then each such category shall also be excluded but only if the combined net effect of events in all such categories exceeds $500 million.

Gains and losses related to the assets and liabilities from pension plans and other post retirement benefit plans (and any associated tax effects) shall be disregarded in determining whether or the extent to which a performance goal has been met.

Unless otherwise provided by the Committee at any time, no such adjustment shall be made for a current or former executive officer to the extent such adjustment would cause an award to fail to satisfy the performance based exemption of Section 162(m) of the Code.

Stock Options. The Incentive Plan permits the Plan Committee to issue nonqualified stock options to managers, which directly link their financial success to that of AT&T s stockholders. Incentive Stock Options, which are more costly for a company to issue, are not permitted under the Incentive Plan. The Plan Committee shall determine the number of shares subject to options and all other terms and conditions of the options, including vesting requirements. In no event, however, may the exercise price of a stock option be less than 100% of the fair market value of AT&T common stock on the date of the stock option s grant, nor may any option have a term of more than ten years. During any calendar year, no single employee may receive options on shares representing more than 1% of the shares authorized for issuance under the Incentive Plan. Except for adjustments based on changes in the corporate structure or as otherwise provided in the Incentive Plan, the terms of an Option may not be amended to reduce the exercise price nor may Options be cancelled or exchanged for cash, other awards or Options with an exercise price that is less than the exercise price of the original Options.

Restricted Stock. The Incentive Plan also permits the Plan Committee to grant restricted stock awards. Each share of restricted stock shall be subject to such terms, conditions, restrictions, and/or limitations, if any, as the Plan Committee deems appropriate, including, but not by way of limitation, restrictions on transferability and continued employment. Holders of shares of restricted stock may vote the shares and receive dividends on such shares. In order to qualify a restricted stock grant under Section 162(m) of the Code, the Plan Committee may condition vesting of the award on the attainment of performance goals, using the same performance criteria as that used for performance shares and units. The vesting period for restricted stock shall be determined by the Committee, which may accelerate the vesting of any such award. The Plan Committee may also grant restricted stock units, which have substantially the same terms as restricted stock, except that units have no voting rights, may or may not receive dividend equivalents, and may be paid in cash or stock. The Plan Committee may also grant unrestricted stock under this provision. No manager may

Table of Contents

receive in any calendar year restricted stock (including restricted stock units and stock without restrictions) representing more than 1% of the shares authorized to be issued under the Incentive Plan.

Eligible for Participation. Management employees of AT&T or its Subsidiaries, currently representing approximately 100,000 managers, are eligible to be selected to participate in the Incentive Plan. However, the Company expects participation to be generally limited to 7000 mid-level and above managers. Actual selection of any eligible manager to participate in the Incentive Plan is within the sole discretion of the Plan Committee.

Available Shares. The Incentive Plan authorizes the issuance, over a 10-year period, of up to 90 million shares of common stock to participants, net of lapsed awards. In the event of a stock split, stock dividend, or other change in the corporate structure of the Company, as described in the Plan, affecting the shares that may be issued under the Plan, an adjustment shall be made in the number and class of shares which may be delivered under the Plan (including but not limited to individual grant limits) as may be determined by the Human Resources Committee.

After April 30, 2021, no further awards may be issued under the Incentive Plan.

Federal Income Tax Matters Relating to Stock Options. The following is a summary of the principal U.S. Federal income tax consequences under present law of the issuance and exercise of stock options granted under the Incentive Plan. This summary is not intended to be exhaustive and, among other things, does not describe state or local tax consequences.

A participant will not be deemed to have received any income subject to tax at the time a nonqualified stock option is granted, nor will AT&T be entitled to a tax deduction at that time. However, when a nonqualified stock option is exercised, the participant will be deemed to have received an amount of ordinary income equal to the excess of the fair market value of the shares of common stock purchased over the exercise price. AT&T will be allowed a tax deduction in the year the option is exercised in an amount equal to the ordinary income which the participant is deemed to have received.

Other Information. The Incentive Plan may be amended in whole or in part by the Board of Directors or the Human Resources Committee. Unless the Plan Committee provides otherwise in advance of the grant, in the event of a Change in Control (as defined in the Incentive Plan), if the employee is involuntarily terminated or leaves for Good Reason, options and restricted stock (including restricted stock units) shall vest. In addition, unless otherwise determined by the Plan Committee, the payout of performance units and performance shares shall be determined exclusively by the attainment of the performance goals established by the Plan Committee, which may not be modified after the Change in Control, and AT&T shall not have the right to reduce the awards for any other reason. Good Reason means in connection with a termination of employment by a participant within two years following a Change in Control, (a) an adverse alteration in the participant s position or in the nature or status of the participant s responsibilities from those in effect immediately prior to the Change in Control, or (b) any reduction in the participant s base salary rate or target annual bonus, in each case as in effect immediately prior to the Change in Control, or (c) the relocation of the participant s principal place of employment to a location that is more than 50 miles from the location where the participant was principally employed at the time of the Change in Control (except for required travel on the Company s business to an extent substantially consistent with the participant s customary business travel obligations in the ordinary course of business prior to the Change in Control).

For certain high level employees, the receipt of an award under the Incentive Plan will constitute an agreement that they will not participate in activities that would constitute engaging in competition with AT&T or engaging in conduct disloyal to AT&T. These provisions, including definitions of terms, are contained in Section 10.3 of the Plan. In addition, Section 10.4 of the Plan provides that if the Company is

Table of Contents

required to prepare an accounting restatement due to material noncompliance with the financial reporting requirements of the securities laws, in certain cases the Plan Committee may require the repayment of amounts paid under the Incentive Plan in excess of what the employee would have received under the accounting restatement.

The closing price of AT&T s common stock reported on the New York Stock Exchange for February 1, 2011, was $27.87 per share.

The Board recommends you vote FOR approval of the 2011 Incentive Plan.

Advisory Vote to Approve Executive Compensation (Item No. 4)

This proposal would approve the compensation of executive officers as disclosed in the Compensation Discussion and Analysis, the compensation tables, and the accompanying narrative disclosures (see pages 32 through 50). These sections describe our executive compensation program and recent updates to the program.

The Human Resources Committee is responsible for executive compensation and works to structure a balanced program that addresses the dynamic, global marketplace in which AT&T competes for talent. The Committee believes this program properly emphasizes pay-for-performance and equity-based incentive programs that reward executives for results that are consistent with stockholder interests and asks that our stockholders approve the program.

Guiding Pay Principles

Our guiding pay principles (which are discussed in more detail on pages 33 and 34) are:

Competitive and Market Based: Evaluate all components of our compensation and benefits program against appropriate comparator companies to ensure we are able to attract, retain, and provide appropriate incentives for officers in a highly competitive talent market.

Pay for Performance, Accountability: Tie a significant portion of compensation to the achievement of Company and business unit goals as well as recognize individual accomplishments that contribute to the Company s success.

Balanced Short- and Long-Term Focus: Ensure that the compensation program provides an appropriate balance between the achievement of short- and long-term performance objectives, with a clear emphasis on managing the business for the long-term.

Alignment with Stockholders: Set performance targets and provide compensation elements that closely align executives interests with those of stockholders.

Alignment with Generally Accepted Approaches: Assure that compensation policies and programs fit within the framework of generally accepted approaches adopted by leading major U.S. corporations.

Executive Compensation Changes

Based on these principles and input from stockholder advisory organizations, the Company has recently made a number of significant changes in its compensation program to better serve our stockholders. Each change is discussed in more detail on pages 34 and 35. The following is a summary of a portion of the changes made by the Committee:

Table of Contents

Modified the Supplemental Executive Retirement Plan (SERP)

Eliminated Tax Gross-Ups on Most Benefits

Dividend Equivalents Paid Only on Earned Performance Shares

Reduced Post-Employment Financial Counseling Benefit

While this is a non-binding, advisory vote, the Committee intends to take into account the outcome of the vote when considering future executive compensation arrangements. AT&T is providing this vote as required pursuant to section 14A of the Securities Exchange Act.

The Board recommends you vote FOR this proposal.

Advisory Vote to Approve Frequency of Vote on Executive Compensation (Item No. 5)

What is the deadline and what are the procedures for withdrawing previously surrendered Debentures?

Debentures previously surrendered for conversion may be withdrawn at any time up until 5:00 p.m. New York City time, on the Expiration Date. For a withdrawal of surrendered Debentures to be effective, a written, telegraphic or facsimile transmission with all the information required must be received by the Conversion Agent on or prior to 5:00 p.m. New York City time, on the Expiration Date at its address set forth on the back cover of this Conversion Offer Prospectus. See Terms of the Offer Withdrawal of Surrendered Debentures.

Who do I call if I have any questions on how to surrender my Debentures for conversion or any other questions relating to the Offer?

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

Table of Contents

PRICE RANGE OF COMMON STOCK

The Common Stock is listed on the NYSE under the symbol WMB. The following table shows the high and low reported sale prices and dividends paid per share of the Common Stock in the consolidated transaction reporting system in The Dow Jones News Retrieval Service for the stated calendar quarter.

	High	Low	Dividends
2005			
Fourth Quarter (through December 28, 2005)	$ 25.72	$ 19.54	$ 0.075(1)
Third Quarter	25.32	18.91	0.075
Second Quarter	19.40	15.62	0.05
First Quarter	19.48	15.18	0.05
2004			
Fourth Quarter	17.18	12.04	0.05
Third Quarter	12.67	11.36	0.01
Second Quarter	12.36	9.56	0.01
First Quarter	11.47	8.49	0.01
2003			
Fourth Quarter	10.73	8.79	0.01
Third Quarter	9.57	6.05	0.01
Second Quarter	9.04	4.63	0.01
First Quarter	4.84	2.51	0.01

(1) Only shareholders of record on December 9, 2005, were entitled to the $0.075 per share dividend on the Common Stock declared by the Board on November 17, 2005 and paid on December 26, 2005. Because the Expiration Date of the Offer follows the record date set by the Board, you will not be entitled to the dividend on the Common Stock even if you have validly surrendered and not validly withdrawn your Debentures for conversion prior to the record date.

On December 28, 2005, the last reported sale price of the Common Stock was $23.25 per share. As of December 15, 2005, there were approximately 12,693 record holders of the Common Stock.

BOOK VALUE PER COMMON SHARE

The book value per share of the Common Stock as of September 30, 2005 was $9.00.

USE OF PROCEEDS

The Company will not receive any proceeds from the Offer.

Table of Contents

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following financial data for the nine months ended September 30, 2004 and 2005 (the Interim Selected Data) have been derived from the Third Quarter Report and include, in Williams management s opinion, all adjustments necessary to present fairly the data for such periods. The following financial data as of December 31, 2004 and 2003 and for the three years ended December 31, 2004 and the Interim Selected Data are an integral part of, and should be read in conjunction with, the consolidated financial statements and notes thereto in the Annual Report and Third Quarter Report, as well as the related sections entitled Management s Discussion and Analysis of Financial Conditions and Results of Operations all of which are incorporated herein by reference. All other amounts have been prepared from our financial records. Certain amounts below have been restated or reclassified. See Item 8, Notes to Consolidated Financial Statements Note 1 Description of business, basis of presentation and summary of significant accounting policies in the Annual Report for discussion of changes in 2004, 2003 and 2002. Results for the years 2001 and 2000 also include amounts related to the discontinued operations of Williams Communications Group, our previously owned communications subsidiary (WilTel).

	Nine Months Ended September 30,		Year Ended December 31,				
	2005	2004	2004	2003	2002	2001	2000
	(Millions, except per share amounts)						
Revenues(1)	$ 8,907.5	$ 9,497.1	$ 12,461.3	$ 16,651.0	$ 3,434.5	$ 4,899.5	$ 4,859.2
Income (loss) from continuing operations(2)	248.6	(2.3)	93.2	(57.5)	(618.4)	640.5	666.5
Income (loss) from discontinued operations(3)	(1.8)	92.6	70.5	326.6	(136.3)	(1,118.2)	(142.2)
Cumulative effect of change in accounting principles(4)				(761.3)			
Diluted earnings (loss) per common share:							
Income (loss) from continuing operations	0.42	(0.01)	0.18	(0.17)	(1.37)	1.28	1.49
Income (loss) from discontinued operations		0.18	0.13	0.63	(0.26)	(2.23)	(0.32)
Cumulative effect of change in accounting principles				(1.47)			
Total assets(5)	33,655.8	25,559.1	23,993.0	27,021.8	34,988.5	38,614.2	34,776.6
Short-term notes payable and long-term debt due within one year(5)	122.4	276.6	250.1	938.5	2,077.1	2,510.4	3,193.2

Long-term debt(5)	7,598.7	8,667.1	7,711.9	11,039.8	11,075.7	8,285.0	6,316.8
Preferred interests in consolidated subsidiaries(5)						976.4	877.9
Williams obligated mandatorily redeemable preferred securities of Trust(5)							189.9
Stockholders equity(5)(6)	5,154.4	4,008.7	4,955.9	4,102.1	5,049.0	6,044.0	5,892.0
Cash dividends per common share	0.175	0.03	0.08	0.04	0.42	0.68	0.60

(1) As discussed in Note 1 of Notes to Consolidated Financial Statements of the Annual Report, the adoption of EITF 02-3 requires that revenues and costs of sale from non-derivative contracts and certain physically settled derivative contracts be reported on a gross basis. Prior to the adoption on January 1, 2003, these revenues were presented net of costs. As permitted by EITF 02-3, prior year amounts have

Table of Contents

not been restated. Also, see Note 1 of Notes to Consolidated Financial Statements of the Annual Report for discussion of revenue recognized in 2003 related to the correction of prior period items.

(2) See Note 4 of Notes to Consolidated Financial Statements of the Annual Report for discussion of asset sales, impairments and other accruals in 2004, 2003 and 2002.

(3) See Note 2 of Notes to Consolidated Financial Statements of the Annual Report for the discussion of the 2004, 2003 and 2002 income (loss) from discontinued operations. Results for the years 2001 and 2000 also include amounts related to the discontinued operations of WilTel.

(4) The 2003 cumulative effect of change in accounting principles includes a $762.5 million charge related to the adoption of EITF 02-3, Issues Involved in Accounting for Derivative Contracts Held for Trading Purposes and Contracts Involved in Energy Trading and Risk Management Activities, slightly offset by $1.2 million related to the adoption of SFAS No. 143, Accounting for Asset Retirement Obligations. The $762.5 million charge primarily consists of the fair value of power tolling, load serving, transportation and storage contracts. These contracts did not meet the definition of a derivative and, therefore, are no longer reported at fair value.

(5) At September 30 or December 31, as appropriate.

(6) Stockholders equity for 2001 includes the January 2001 common stock issuance, the issuance of common stock for the Barrett acquisition and the impact of the WilTel spinoff.

Table of Contents

TERMS OF THE OFFER

General

Upon the terms and subject to the conditions set forth in this Conversion Offer Prospectus and in the related Letter of Transmittal and any supplements or amendments hereto or thereto, Williams hereby offers to pay an amount in cash upon conversion of any and all of the $299,987,000 outstanding principal amount of the Debentures equal to the Conversion Consideration in addition to the shares of Common Stock issuable upon conversion pursuant to the original terms of the Debentures. Holders that validly surrender and do not validly withdraw their Debentures for conversion prior to 5:00 p.m., New York City time, on the Expiration Date will, subject to the terms and conditions of the Offer, receive the Conversion Consideration.

Debentures surrendered for conversion may be validly withdrawn at any time up until 5:00 p.m., New York City time, on the Expiration Date. In the event of a termination of the Offer, Debentures surrendered for conversion pursuant to the Offer will be promptly returned to the surrendering Holders. Williams or its affiliates may seek to induce conversion of any Debentures that remain outstanding following termination or expiration of the Offer through privately negotiated transactions, tender offers, exchange offers or otherwise, upon such terms as it may determine, which may include cash consideration that is more or less than the Conversion Consideration to be paid pursuant to the Offer or other consideration.

Williams obligation to accept for conversion and to pay the related Conversion Consideration is conditioned upon satisfaction of the conditions as set forth in Terms of the Offer Conditions to the Offer. As described therein, subject to applicable securities laws and the terms set forth in this Conversion Offer Prospectus, Williams reserves the right, prior to the expiration of the Offer on the Expiration Date:

to waive any and all conditions to the Offer;

to extend the Offer;

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

otherwise to amend the Offer in any respect.

Any amendment to the Offer will apply to all Debentures surrendered for conversion pursuant to the Offer. Any extension, amendment or termination will be followed promptly by public announcement thereof, the announcement in the case of an extension of the Offer to be issued no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date. Without limiting the manner in which any public announcement may be made, Williams shall have no obligation to publish, advertise or otherwise communicate any such public announcement other than by issuing a release to the Dow Jones News Service.

If Williams makes a material change in the terms of the Offer or the information concerning the Offer, Williams will promptly amend the Offer materials, disseminate notice of such change to Holders, extend such Offer to the extent required by law and, if required, promptly file a post-effective amendment to the registration statement relating to the Offer.

None of Williams, its Board, the Trustee, the Information Agent, the Conversion Agent or the Dealer Managers makes any recommendation as to whether or not Holders should surrender their Debentures for conversion pursuant to the Offer. Holders must make their own decisions with regard to surrendering their Debentures.

Acceptance of Debentures for Conversion and Payment of Conversion Consideration

Upon the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of any such extension or amendment) and applicable law, Williams will accept for conversion, and promptly convert pursuant to the terms of the Debentures and will pay the Conversion Consideration in respect of, all Debentures validly surrendered for conversion pursuant to the

Table of Contents

Offer (and not validly withdrawn, or if withdrawn and then validly re-surrendered). Such payment shall be made by the deposit of the Conversion Consideration in immediately available funds by Williams promptly after the Expiration Date with the Conversion Agent, which will act as agent for converting Holders for the purpose of receiving payment from Williams and transmitting such payment to converting Holders. Williams intends to deposit the Conversion Consideration with the Conversion Agent or to return Debentures surrendered for conversion pursuant to the Offer, as applicable, on the third business day following the Expiration Date. Under no circumstances will interest on the Conversion Consideration, as applicable, be paid by Williams by reason of any delay on behalf of the Conversion Agent in making payment. Williams expressly reserves the right, in its sole discretion and subject to Rule 14e-l(c) under the Exchange Act, to delay acceptance for conversion of, or payment of Conversion Consideration in respect of, Debentures in order to comply with any applicable law. See Conditions to the Offer. In all cases, payment by the Conversion Agent to Holders or beneficial owners of the Conversion Consideration for Debentures surrendered for conversion pursuant to the Offer will be made only after receipt by the Conversion Agent of (1) timely confirmation of a book-entry transfer of such Debentures into the Conversion Agent s account at DTC pursuant to the procedures set forth in the section Procedure for Surrendering Debentures, (2) a properly completed and duly executed Letter of Transmittal (or manually signed facsimile thereof) or a properly transmitted Agent s Message (as defined below) through ATOP and (3) any other documents required by the Letter of Transmittal.

For purposes of the Offer, Debentures surrendered for conversion will be deemed to have been accepted for conversion and payment of Conversion Consideration, if, as and when Williams gives oral or written notice thereof to the Conversion Agent.

Converting Holders will not be obligated to pay brokerage fees or commissions to the Dealer Managers, the Information Agent, the Conversion Agent or the Company, or, except as set forth in Instruction 7 of the Letter of Transmittal, transfer taxes on the payment of the Conversion Consideration.

Procedure for Surrendering Debentures

The surrender of Debentures for conversion in accordance with the procedures described below will constitute a valid surrender of the Debentures. Holders will not be entitled to receive the Conversion Consideration unless they surrender their Debentures for conversion pursuant to the Offer prior to 5:00 p.m., New York City time, on the Expiration Date.

The method of delivery of Debentures and Letters of Transmittal, any required signature guarantees and all other required documents, including delivery through DTC and any acceptance of an Agent s Message transmitted through ATOP, is at the election and risk of the person surrendering Debentures for conversion and delivering a Letter of Transmittal or transmitting an Agent s Message and, except as otherwise provided in the Letter of Transmittal, delivery will be deemed made only when actually received by the Conversion Agent. If delivery is by mail, it is suggested 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 to permit delivery to the Conversion Agent on or prior to such date. Manually signed facsimile copies of the Letter of Transmittal, properly completed and duly executed, will be accepted.

Valid Surrender

A Holder s surrender of Debentures for conversion (and subsequent acceptance of such Debentures by Williams) pursuant to one of the procedures set forth below will constitute a binding agreement between such Holder and Williams in accordance with the terms and subject to the conditions set forth herein and in the Letter of Transmittal.

Only Holders are authorized to surrender their Debentures for conversion. The procedures by which Debentures may be surrendered by beneficial owners that are not Holders will depend upon the manner in which the Debentures are held. Holders who wish to transfer Debentures and who wish to obtain the Conversion Consideration or wish to provide such benefit to a transferee should validly surrender the Debentures for conversion prior to 5:00 p.m., New York City time, on the Expiration Date, designating the transferee as payee in the box marked Special Delivery Instructions contained in the Letter of Transmittal.

Table of Contents

Holders that surrender for conversion and do not withdraw their Debentures prior to 5:00 p.m., New York City time, on the Expiration Date will receive the Conversion Consideration, including accrued and unpaid interest up to, but not including, the applicable Settlement Date. Notwithstanding any other provision hereof, payment of the Conversion Consideration for Debentures held through DTC surrendered and accepted for conversion will, in all cases, be made only after timely receipt (*i.e.*, on or prior to 5:00 p.m., New York City time, on the Expiration Date, if the Holder is to receive the Conversion Consideration) by the Conversion Agent of a Book-Entry Confirmation (as defined below) of the transfer of such Debentures into the Conversion Agent s account at DTC, as described above, and a properly transmitted Agent s Message.

Debentures Held by Record Holders

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

Surrender of Debentures Held Through a Custodian

To effectively surrender for conversion Debentures that are held of record by a broker, dealer, commercial bank, trust company or other nominee, the beneficial owner thereof must instruct such custodian to surrender the Debentures on the beneficial owner s behalf. A Letter of Instructions included in the materials provided with this Offer may be used by a beneficial owner in this process to effect the surrender. Any beneficial owner of Debentures held of record by DTC or its nominee, through authority granted by DTC, may direct the DTC participant through which such beneficial owner s Debentures are held in DTC to surrender, on such beneficial owner s behalf, the Debentures beneficially owned by such beneficial owner.

Surrender of Debentures Held Through DTC

To effectively surrender for conversion Debentures that are held through DTC, DTC participants should electronically transmit their acceptance through ATOP (and thereby surrender Debentures), for which the transaction will be eligible, followed by a properly completed and duly transmitted Agent s Message delivered to the Conversion Agent. Upon receipt of such Holder s acceptance through ATOP, DTC will edit and verify the acceptance and send an Agent s Message to the Conversion Agent for its acceptance. Delivery of surrendered Debentures must be made to the Conversion Agent pursuant to the book-entry delivery procedures set forth below.

Except as provided below, unless the Debentures being surrendered for conversion are deposited with the Conversion Agent prior to 5:00 p.m., New York City time, on the Expiration Date, (accompanied by a properly completed and duly transmitted Agent s Message), Williams may, at its option, treat such surrender as defective for purposes of the right to receive the Conversion Consideration. Payment of the Conversion Consideration will be made only against surrender of the Debentures for conversion and delivery of all other required documents.

In order to validly surrender for conversion on or prior to 5:00 p.m., New York City time, on the Expiration Date, with respect to Debentures surrendered pursuant to ATOP, a DTC participant using ATOP must also properly transmit an Agent s Message. Pursuant to authority granted by DTC, any DTC participant which has Debentures credited to its DTC account at any time (and thereby held of record by DTC s nominee) may directly instruct the Conversion Agent to surrender Debentures prior to 5:00 p.m., New York City time, on the Expiration Date, as though it were the Holder by so transmitting an Agent s Message.

Book-Entry Delivery Procedures

The Conversion Agent will establish accounts with respect to the Debentures at DTC for purposes of the Offer within two business days after the date of this Conversion Offer Prospectus, and any financial institution

Table of Contents

that is a participant in DTC may make book-entry delivery of the Debentures by causing DTC to transfer such Debentures into the Conversion Agent s account in accordance with DTC s procedures for such transfer. However, although delivery of Debentures may be effected through book-entry transfer into the Conversion Agent s account at DTC, the Letter of Transmittal (or manually signed facsimile thereof), with any required signature guarantees or an Agent s Message in connection with a book-entry transfer, and any other required documents, must, in any case, be transmitted to and received by the Conversion Agent at one or more of its addresses set forth on the back cover of this Conversion Offer Prospectus on or prior to or the Expiration Date. Delivery of documents to DTC does not constitute delivery to the Conversion Agent. The confirmation of a book-entry transfer into the Conversion Agent s account at DTC as described above is referred to herein as a Book-Entry Confirmation.

The term Agent s Message means a message transmitted by DTC to, and received by, the Conversion Agent and forming a part of the Book-Entry Confirmation, which states that DTC has received an express acknowledgment from the participant in DTC surrendering the Debentures for conversion 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.

In the case of Debentures held through DTC, surrender of Debentures for conversion must be made by transfer of Debentures into the Conversion Agent s account at DTC, and acceptance of the conversion offer must be made by causing an Agent s Message to be transmitted to the Conversion Agent.

Signature Guarantees

Signatures on all Letters of Transmittal must be guaranteed by a recognized participant in the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Program or the Stock Exchange Medallion Program (a Medallion Signature Guarantor), unless the Debentures surrendered for conversion are surrendered:

by a Holder of Debentures (or by a participant in DTC whose name appears on a security position listing as the owner of such Debentures) who has not completed the box marked Special Issuance Instructions or the box marked Special Delivery Instructions in the Letter of Transmittal or

for the account of a member firm 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 or correspondent in the United States (each, an Eligible Institution).

See Instruction 4 of the Letter of Transmittal. If the Debentures are registered in the name of a person other than the signer of the Letter of Transmittal or if Debentures not accepted for payment or not surrendered for conversion are to be returned to a person other than the Holder, then the signatures on the Letter of Transmittal accompanying the surrendered Debentures must be guaranteed by a Medallion Signature Guarantor as described above. See Instruction 4 of the Letter of Transmittal.

Backup Withholding

To prevent United States federal income tax backup withholding, each converting Holder of Debentures that is a United States person generally must provide the Conversion Agent with such Holder s correct taxpayer identification number and certify that such Holder is not subject to United States federal income tax backup withholding by completing the Substitute Form W-9 included in the Letter of Transmittal. Each converting Holder of Debentures that is not a United States person generally will be subject to a 30% withholding tax unless such holder provides the Conversion Agent with an applicable Form W-8BEN or W-8ECI to demonstrate exemption from withholding or a reduced rate of withholding. For a discussion of the material United States federal income tax consequences relating to backup withholding, see Material United States Federal Income Tax Consequences.

Table of Contents

Determination of Validity

All questions as to the validity, form, eligibility (including time of receipt) and acceptance of any Debentures surrendered for conversion pursuant to any of the procedures described above will be determined by Williams in Williams sole discretion (whose determination shall be final and binding). Williams reserves the absolute right to reject any and all surrenders of any Debentures determined by it not to be in proper form or if the acceptance for conversion of, or payment of Conversion Consideration in respect of, such Debentures may, in the opinion of Williams counsel, be unlawful. Williams also reserves the absolute right, in its sole discretion, to waive any of the conditions of the Offer or any defect or irregularity in any surrender with respect to Debentures of any particular Holder, whether or not similar defects or irregularities are waived in the case of other Holders. Williams interpretation of the terms and conditions of the Offer (including the Letter of Transmittal and the instructions thereto) will be final and binding. None of Williams, the Conversion Agent, the Dealer Managers, the Information Agent, the Trustee or any other person will be under any duty to give notification of any defects or irregularities in surrenders or will incur any liability for failure to give any such notification. If Williams waives its right to reject a defective surrender of Debentures, the Holder will be entitled to the Conversion Consideration.

Withdrawal of Surrendered Debentures

Debentures previously surrendered for conversion may be withdrawn at any time up until 5:00 p.m., New York City time, on the Expiration Date. In the event of a termination of the Offer, the Debentures surrendered for conversion pursuant to the Offer will be promptly returned to the surrendering Holders. In addition, even after the Expiration Date, if Williams has not accepted for payment any validly surrendered Debentures after 40 business days from the commencement of the Offer, such Debentures may be withdrawn.

For a withdrawal of surrendered Debentures to be effective, a written, telegraphic or facsimile transmission notice of withdrawal must be received by the Conversion Agent on or prior to 5:00 p.m., New York City time, on the Expiration Date at its address set forth on the back cover of this Conversion Offer Prospectus. Any such notice of withdrawal must:

specify the name of the person who surrendered the Debentures to be withdrawn;

contain the description of the Debentures to be withdrawn and the aggregate principal amount represented by such Debentures; and

be signed by the Holder of such Debentures in the same manner as the original signature on the Letter of Transmittal by which such Debentures were surrendered (including any required signature guarantees), if any, or be accompanied by (x) documents of transfer sufficient to have the Trustee register the transfer of the Debentures into the name of the person withdrawing such Debentures and (y) a properly completed irrevocable proxy that authorized such person to effect such revocation on behalf of such Holder.

If the Debentures to be withdrawn have been delivered or otherwise identified to the Conversion Agent, a signed notice of withdrawal is effective immediately upon written or facsimile notice of withdrawal even if physical release is not yet effected. Any Debentures validly withdrawn will be deemed to be not validly surrendered for conversion for purposes of the Offer.

Withdrawal of Debentures can be accomplished only in accordance with the foregoing procedures.

All questions as to the validity (including time of receipt) of notices of withdrawal will be determined by Williams in Williams sole discretion, and Williams determination shall be final and binding. None of Williams, the Conversion Agent, the Dealer Managers, the Information Agent, the Trustee or any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal, or incur any liability for failure to give any such notification.

Table of Contents

Conditions to the Offer

Notwithstanding any other provision of the Offer and in addition to (and not in limitation of) Williams rights to extend and/or amend the Offer, Williams shall not be required to accept for conversion pursuant to the Offer, pay Conversion Consideration in respect of, and may delay the acceptance for conversion and payment of Conversion Consideration in respect of, any Debentures surrendered for conversion pursuant to the Offer, in each event subject to Rule 14e-l(c) under the Exchange Act, and may terminate the Offer, if any of the following have occurred:

(1) there shall have been instituted, threatened or be pending any action or proceeding (or there shall have been any material adverse development to any action or proceeding currently instituted, threatened or pending) before or by any court, governmental, regulatory or administrative agency or instrumentality, or by any other person, in connection with the Offer that, in the sole judgment of Williams, either (a) is, or is reasonably likely to be, materially adverse to the business, operations, properties, condition (financial or otherwise), assets or liabilities of Williams and its subsidiaries, taken as a whole, or (b) would or might prohibit, prevent, restrict or delay consummation of the Offer;

(2) an order, statute, rule, regulation, executive order, stay, decree, judgment or injunction shall have been proposed, enacted, entered, issued, promulgated, enforced or deemed applicable by any court or governmental, regulatory or administrative agency or instrumentality that, in the sole judgment of Williams, either (a) is, or is reasonably likely to be, materially adverse to the business, operations, properties, condition (financial or otherwise), assets or liabilities of Williams and its subsidiaries, taken as a whole, or (b) would or might prohibit, prevent, restrict or delay consummation of the Offer;

(3) there shall have occurred or be likely to occur any event affecting the business or financial affairs of Williams that, in the sole judgment of Williams, would or might prohibit, prevent, restrict or delay consummation of the Offer;

(4) the Trustee shall have objected in any respect to, or taken action that could, in the sole judgment of Williams, adversely affect the consummation of, the Offer or shall have taken any action that challenges the validity or effectiveness of the procedures used by Williams in the making of the Offer or the acceptance for conversion of, or payment of Conversion Consideration in respect of, Debentures surrendered for conversion pursuant to the Offer; or

(5) there has occurred (a) any general suspension of, or limitation on prices for, trading in securities in the United States securities or financial markets, (b) any decline of more than 20% in the price of the Debentures or the Common Stock since the date of commencement of the Offer, (c) a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States or other major financial markets, (d) any limitation (whether or not mandatory) by any government or governmental, administrative or regulatory authority or agency, domestic or foreign, or other event that, in the reasonable judgment of the Company, might affect the extension of credit by banks or other lending institutions, (e) a commencement of a war or armed hostilities or other national or international calamity directly or indirectly involving the United States or (f) in the case of any of the foregoing existing on the date hereof, a material acceleration or worsening thereof.

The foregoing conditions are for the sole benefit of Williams and may be asserted by Williams regardless of the circumstances giving rise to any such condition and may be waived by Williams, in whole or in part, at any time and from time to time, in the sole discretion of Williams. Notwithstanding the previous sentence, unless the Offer is terminated, all conditions to the Offer will be either satisfied or waived by Williams prior to the Expiration Date. The failure by Williams at any time to exercise any of the foregoing rights will not be deemed a waiver of any other right, and each right will be deemed an ongoing right which may be asserted at any time and from time to time, but only prior to the Expiration Date.

Table of Contents

DESCRIPTION OF DEBENTURES

Williams issued $300,000,000 aggregate principal amount of Debentures pursuant to the Indenture. Holders may request a copy of the Indenture at Williams address shown under the caption Incorporation by Reference.

The following description is a summary of the material provisions of the Debentures. It does not purport to be complete. This summary is subject to and is qualified by reference to all the provisions of the Indenture, including the definitions of certain terms used in the Indenture. Wherever particular provisions or defined terms of the Indenture or form of Debenture are referred to, these provisions or defined terms are incorporated in this prospectus by reference. Williams urges Holders to read the Indenture because it, and not this description, defines the rights of Holders of the Debentures.

Unless otherwise specified, references to Williams in the following description mean only The Williams Companies, Inc. and not its subsidiaries.

General

The Debentures are general unsecured obligations of Williams. Williams payment obligations under the Debentures are subordinated to all of Williams current and future senior and senior subordinated indebtedness to the extent and in the manner set forth in the Indenture and effectively subordinated to all debts and other liabilities of Williams subsidiaries as described under Subordination of Debentures. The Debentures are convertible into Common Stock as described under Conversion Rights.

The Debentures are limited to $300,000,000 in aggregate principal amount. The Debentures are issued in minimum denominations of $50 and integral multiples of $50. The Debentures mature on June 1, 2033, unless converted, redeemed or repurchased earlier and are not subject to any sinking fund.

The Debentures bear interest at a rate of 5.50% per annum from May 28, 2003, or from the most recent date to which interest has been paid or duly provided for, and the amount of interest payable for any period is computed on the basis of a 360-day year of twelve 30-day months.

Interest is payable on March 1, June 1, September 1 and December 1 of each year, beginning September 1, 2003, to record Holders at the close of business on the preceding February 15, May 15, August 15 or November 15, as the case may be. Interest payable upon redemption or repurchase is paid to the person to whom principal is payable.

Interest payments payable on any Debentures that are not punctually paid on any interest payment date cease to be payable to the person in whose name such Debentures are registered on the original record date, and such defaulted payment is instead made to the person in whose name such Debentures are registered on the special record date or other specified date determined in accordance with the Indenture. Interest on the Debentures not paid on the scheduled payment date is accrued and compounded quarterly, to the extent permitted by law, at the applicable interest rate.

If any interest payment date is not a business day, then such interest payment is made on the next day which is a business day, and without any interest or other payment accruing as a result of such delay, except that if such business day falls in the next calendar year, such interest payment will be made on the immediately preceding business day, in each case with the same force and effect as if made on the date such interest payment was originally payable.

Williams maintains an office in the Borough of Manhattan, The City of New York, where it pays the principal and premium, if any, on the Debentures and Holders may present the Debentures for conversion, registration of transfer or exchange for other denominations. Williams pays interest by check mailed to each Holder s address as it appears in the convertible debenture register, provided that a Holder with an aggregate principal amount in excess of $2.0 million, is paid, at its written election, by wire transfer in immediately available funds. However, payments to The Depository Trust Company, New York, New York, which Williams refers to as DTC, are made by wire transfer of immediately available funds to the account of DTC or its nominee.

Table of Contents

Registration of transfers or exchanges of Debentures are effected without charge, but payment of a sum sufficient to cover any tax or any other governmental charges that may be imposed in connection with any transfer or exchange may be required.

Option to Extend Interest Payment Period

So long as Williams is not in default in the payment of interest on the Debentures, Williams has the right under the Indenture to defer payments of interest on the Debentures by extending the interest payment period at any time, and from time to time, on the Debentures. During any such extension period, interest on the Debentures continues to accrue at the then-applicable annual interest rate, compounded quarterly, to the extent permitted by law.

Williams may not extend any interest payment period for the Debentures to more than 20 consecutive quarters, and no extension may extend beyond the stated maturity of the Debentures or end on a date other than an interest payment date. If Williams exercises its right to defer payments of interest, then under the terms of the Debentures Williams may not, and may not permit any subsidiary to, make any of the payments described under Restrictions on Certain Payments.

Prior to the termination of any extension period, Williams may further defer payments of interest by extending the interest payment period, subject to the limitations described above. Upon the termination of any extension period and the payment of all amounts then due, Williams may commence a new extension period, subject to the above requirements. Williams has no current intention of exercising its right to defer payments of interest on the Debentures.

Williams is required to give, or to cause the trustee to give, the Holders notice of Williams election of such extension period at least five business days before the earlier of (1) the record date for the scheduled interest payment date for the first quarter of such extension period or (2) the date upon which Williams is required to give notice of the record or payment date for such related interest payment for the first quarter to any national stock exchange or other organization on which the Debentures are listed or quoted, if any, or to Holders.

As used in this prospectus, a business day means any day, other than a Saturday or Sunday, that is not a day on which banking institutions in The City of New York, New York are authorized or obligated by law or executive order to remain closed or on which the principal corporate trust office of the trustee under the Indenture is closed for business.

Conversion Rights

General

Holders may convert any of their Debentures, in whole or in part, into shares of Common Stock at any time prior to the close of business on the final maturity date of the Debentures or, in the case of Debentures called for redemption, prior to the close of business on the business day prior to the redemption date, subject to prior redemption or repurchase of the Debentures.

The number of shares of Common Stock a Holder will receive upon conversion of the Debentures will be determined by multiplying the number of $50 principal amount of Debentures such Holder converts by the conversion rate on the Expiration Date. The initial conversion rate for the Debentures is 4.5907 shares of Common Stock per $50 principal amount of Debentures, subject to adjustment as described below, which represents an initial conversion price of $10.8916 per share. If Williams calls Debentures for redemption, Holders may convert the Debentures only until the close of business on the business day prior to the redemption date unless Williams fails to pay the redemption price. If the Holder has submitted its Debentures for repurchase upon a change of control, it may not convert its Debentures unless it withdraws its repurchase election as described under Repurchase at Option of the Holder upon Change of Control. A Holder may convert its Debentures in part so long as the principal amount of such part is $50 or an integral multiple of $50.

Table of Contents

Upon conversion, a Holder will not be entitled to receive any accrued and unpaid interest, whether or not in arrears, on the Debentures and no interest will be payable on Debentures with respect to any interest payment date occurring subsequent to the date of conversion, except in the limited circumstance described below. However, if Debentures are surrendered for conversion after 5:00 p.m., New York City time, on any record date but on or prior to the next succeeding interest payment date, Holders of such Debentures at the close of business on the record date will receive the interest payable on the corresponding interest payment date notwithstanding the conversion. Therefore, such Debentures, upon surrender for conversion, must be accompanied by payment in next day funds equal to the amount of interest that the registered Holder of such Debentures on such record date is entitled to receive. Notwithstanding the foregoing, no such payment need be made (1) if Williams has specified a redemption date that is after a record date and on or prior to the next interest payment date, (2) if Williams has specified a repurchase date following a change of control that is during such period or (3) to the extent of any overdue interest, if overdue interest exists at the time of conversion with respect to such Debenture.

Williams will not issue fractional common shares upon conversion of Debentures. Instead, Williams will pay cash in lieu of fractional shares based on the last reported sale price of the Common Stock on the Expiration Date. As used in this prospectus, a trading day means any day on which the New York Stock Exchange is open for business.

Williams delivery to the Holder of the full number of shares of Common Stock into which a Debenture is convertible, together with any cash payment for such Holder s fractional shares, will be deemed to satisfy Williams obligation to pay:

the principal amount of the Debenture; and

accrued but unpaid interest attributable to the period from the most recent interest payment date to the date of conversion, subject to the fourth preceding sentence above.

As a result, accrued but unpaid interest to the date of conversion is deemed to be paid in full rather than cancelled, extinguished or forfeited.

Williams has authorized and reserved for issuance the maximum number of shares of its Common Stock that it may be required to issue upon the conversion of Debentures. Shares of Common Stock issued upon conversion are validly issued, fully paid and nonassessable.

Conversion Rate Adjustments

Williams is required to adjust the conversion rate if any of the following events occurs:

Williams issues Common Stock as a dividend or distribution on its Common Stock;

Williams issues to all holders of its Common Stock certain rights or warrants to purchase its Common Stock at less than the then current market value;

Williams subdivides or combines its Common Stock; or

Williams distributes to all holders of its Common Stock, shares of its capital stock, evidences of indebtedness or assets, including securities but excluding:

rights or warrants specified above;

any dividends or distributions in connection with the liquidation or winding up of Williams;

dividends or distributions specified above; and

cash distributions.

If Williams distributes capital stock of, or similar equity interests in, its subsidiary or any other business unit of Williams , then the conversion rate will be adjusted based on the market value of the securities so distributed relative to the market value of Common Stock, in each case based on the average closing sale prices of those

securities (where such closing sale prices are available) for the 10 trading days

Table of Contents

commencing on and including the fifth trading day after the date on which ex-dividend trading commences for such distribution on the New York Stock Exchange or such other national or regional exchange or market on which the securities are then listed or quoted;

Williams distributes cash, excluding any dividend or distribution in connection with its liquidation, dissolution or winding up or any quarterly cash dividend on Common Stock to the extent that the aggregate cash dividend per share of Common Stock in any quarter does not exceed the greater of:

the amount per share of Common Stock of the next preceding quarterly cash dividend on the Common Stock to the extent that the preceding quarterly dividend did not require an adjustment of the conversion rate pursuant to this clause, as adjusted to reflect subdivisions or combinations of the Common Stock; and

10% of the average of the last reported sale price of the Common Stock during the ten trading days immediately prior to the declaration date of the dividend, calculated at the time of each distribution.

If an adjustment is required to be made under this clause as a result of a distribution that is a quarterly dividend, the adjustment would be based upon the amount by which the distribution exceeds the amount of the quarterly cash dividend permitted to be excluded pursuant to this clause. If an adjustment is required to be made under this clause as a result of a distribution that is not a quarterly dividend, the adjustment would be based upon the full amount of the distribution;

Williams or one of its subsidiaries makes a payment in respect of a tender offer or exchange offer for Common Stock to the extent that the cash and value of any other consideration included in the payment per share of Common Stock exceeds the closing sale price per share of Common Stock on the trading day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer; and

someone other than Williams or one of Williams subsidiaries makes a payment in respect of a tender offer or exchange offer in which, as of the closing date of the offer, Williams board of directors is not recommending rejection of the offer. The adjustment referred to in this clause will only be made if:

the tender offer or exchange offer is for an amount that increases the offeror s ownership of Common Stock to more than 25% of the total shares of Common Stock outstanding; and

the cash and value of any other consideration included in the payment per share of Common Stock exceeds the closing sale price per share of Common Stock on the business day next succeeding the last date on which tenders or exchanges may be made pursuant to the tender or exchange offer.

However, the adjustment referred to in this clause will generally not be made if as of the closing of the offer, the offering documents disclose a plan or an intention to cause Williams to engage in a consolidation or merger or a sale of all or substantially all of Williams assets.

If the rights provided for in Williams rights agreement dated February 6, 1996 or in any future stockholder rights plan adopted by Williams have separated from Common Stock in accordance with the provisions of the applicable stockholder rights agreement so that the Holders would not be entitled to receive any rights in respect of the Common Stock issuable upon conversion of the Debentures, the conversion rate will be adjusted as if Williams distributed to all holders of its Common Stock, evidences of indebtedness or assets as described under the fourth bullet point above, subject to readjustment in the event of the expiration, termination or redemption of the rights. In lieu of any such adjustment, Williams may amend such applicable stockholder rights agreement to provide that upon conversion of the Debentures the Holders will receive, in addition to the Common Stock issuable upon such conversion, the rights which would have attached to such shares of Common Stock if the rights had not become separated from the Common Stock under such applicable stockholder rights agreement. See Description of Capital Stock Preferred Stock Purchase Rights.

Table of Contents

In the event of:

any reclassification of Common Stock;

a consolidation, merger or combination involving Williams; or

a sale or conveyance to another person or entity of all or substantially all of Williams property and assets;

in which holders of Common Stock would be entitled to receive stock, other securities, other property, assets or cash for their Common Stock, upon conversion of a Holder s Debentures the Holder will be entitled to receive the same type of consideration which it would have been entitled to receive if it had converted the Debentures into Common Stock immediately prior to any of these events. If the transaction also constitutes a change of control, the Holder can require Williams to repurchase all or a portion of its Debentures as described under Repurchase at Option of the Holder upon Change of Control.

The Holder may in certain situations be deemed to have received a distribution subject to U.S. federal income tax as a dividend in the event of any taxable distribution to holders of Common Stock or in certain other situations requiring a conversion rate adjustment.

Williams may from time to time, to the extent permitted by law, increase the conversion rate by any amount for any period of at least 20 days. In that case, Williams will give at least 15 days notice of such increase. In addition, Williams may make such increases in the conversion rate as it deems advisable to avoid or diminish any income tax to Holders of Common Stock resulting from any dividend or distribution of stock, or rights to acquire stock, or from any event treated as such for income tax purposes.

Williams will not be required to make an adjustment in the conversion rate unless the adjustment would require a change of at least 1% in the conversion rate. However, Williams will carry forward any adjustments that are less than 1% of the conversion rate. Except as described above in this section, Williams will not adjust the conversion rate for any issuance of Common Stock or convertible or exchangeable securities or rights to purchase Common Stock or convertible or exchangeable securities.

The closing sale price of Common Stock on any date means the closing per share sale price, or if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average closing bid and the average closing ask prices, on such date as reported in composite transactions for the principal United States securities exchange on which Common Stock is traded or, if Common Stock is not listed on a United States national or regional securities exchange, as reported by the Nasdaq System or by the National Quotation Bureau Incorporated. In the absence of such a quotation, Williams will determine the closing sale price on the basis Williams considers appropriate.

Optional Redemption By Williams

Williams may redeem the Debentures prior to maturity, in whole or in part, at any time on or after June 1, 2010 if the closing sale price of Common Stock for at least 20 trading days in the period of 30 consecutive trading days ending on the trading day prior to the mailing of the notice of redemption, including the last day in such period, exceeds 130% of the then-prevailing conversion price. The redemption price will be equal to 100% of the principal amount to be redeemed, plus accrued and unpaid interest, including deferred interest, and other amounts to but excluding the date of redemption, payable in cash.

Williams will mail any notice of redemption at least 30 and no more than 60 days before the redemption date to each Holder of Debentures to be redeemed at its registered address. Unless Williams defaults in payment of the redemption price, on the redemption date interest shall cease to accrue on the Debentures called for redemption.

Subject to applicable law, Williams or Williams affiliates may at any time and from time to time purchase outstanding Debentures by tender, in the open market or by private agreement.

If less than all of the outstanding Debentures are to be redeemed, the trustee will select the Debentures to be redeemed in principal amounts of $50 or multiples of $50 by lot, pro rata or by another method the trustee

Table of Contents

considers fair and appropriate. If a portion of a Holder s Debentures is selected for partial redemption and the Holder converts a portion of the Debentures, the converted portion will be deemed to be of the portion selected for redemption.

Williams may redeem the Debentures only in whole, and not in part, if it has failed to pay any interest on the Debentures when due and such failure to pay is continuing, including during an extension period. Williams will notify the Holders if it redeems the Debentures.

Repurchase at Option of the Holder Upon Change of Control

If a change of control, as defined below, occurs at any time prior to the maturity of the Debentures, Holders may require Williams to repurchase their Debentures, in whole or in part, on the repurchase date specified as described below. The Debentures may be repurchased in principal amounts of $50 or integral multiples of $50.

Williams will repurchase the Debentures at a price equal to 100% of the principal amount to be repurchased, plus accrued and unpaid interest, including deferred interest, to, but excluding, the repurchase date.

Within 30 days after the occurrence of a change of control, Williams must give notice of the change of control and the applicable repurchase date to registered Holders of Debentures at their addresses shown in the register of the registrar. Williams will also give notice to beneficial owners as required by applicable law. This notice will state, among other things, the repurchase date, which must be no less than 20 and no more than 45 days after the date of Williams change of control notice, the repurchase price and the procedures that Holders must follow to require Williams to repurchase their Debentures.

If a Holder elects to require Williams to repurchase its Debentures, the Holder must deliver to Williams or Williams designated agent, on or before the repurchase date specified in Williams change of control notice, the Holder s repurchase notice and any Debentures to be repurchased by book-entry transfer or delivery of the Debenture, duly endorsed for transfer, to the paying agent at its corporate trust office in the Borough of Manhattan, The City of New York, or any other office of the paying agent. Williams will promptly pay the repurchase price for Debentures surrendered for repurchase following the later of the repurchase date and the time of book-entry transfer or delivery of the Debenture.

A Holder may withdraw its repurchase notice by delivering a written notice of withdrawal to the paying agent at any time prior to the close of business on the business day preceding the repurchase date. If a repurchase notice is given and withdrawn prior to the close of business on such day, Williams will not be obligated to repurchase the Debentures listed in the notice. The withdrawal notice must state:

the principal amount of the withdrawn Debentures;

if certificated debentures have been issued, the certificate numbers of the withdrawn Debentures, or, if the Holder s Debentures are not certificated, the Holder s withdrawal notice must comply with appropriate DTC procedures; and

the principal amount, if any, which remains subject to the repurchase notice.

If the paying agent holds money sufficient to pay the repurchase price of the Holder s Debentures on the business day following the repurchase date, then, on and after such date:

those Debentures will cease to be outstanding;

interest will cease to accrue; and

all the Holder s other rights as a Holder will terminate, other than the right to receive the repurchase price upon delivery of the Debentures.

This will be the case whether or not book-entry transfer of the Debentures has been made or the Debentures have been delivered to the paying agent.

Table of Contents

Williams will comply with the requirements of the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of the Debentures as a result of a change of control.

A change of control will be deemed to have occurred when any of the following has occurred:

- the acquisition by any person of beneficial ownership, directly or indirectly, through a purchase, merger, other acquisition transaction or a series of such transactions, of shares of Williams capital stock entitling that person to exercise 50% or more of the total voting power of all shares of Williams capital stock entitled to vote generally in elections of directors, other than any acquisition by Williams, any of Williams subsidiaries or future subsidiaries or any of Williams employee benefit plans;

- the first day on which a majority of the members of the board of directors of Williams are not continuing directors, which means, as of any date of determination, any member of the board of directors of Williams who:
  - was a member of the board of directors throughout the 24 consecutive months preceding the date of determination; or

  - was nominated for election or elected to the board of directors with the approval of a majority of the continuing directors who were members of the board at the time of such director s nomination or election; or
- the consolidation, combination or merger of Williams with or into any other person, any merger of another person into Williams, or any conveyance, transfer, sale, lease or other disposition of all or substantially all of Williams properties and assets to another person, other than:
  - any transaction:
    - (a) that does not result in any reclassification, conversion, exchange or cancellation of outstanding shares of Williams capital stock; and

    - (b) pursuant to which Holders of Williams capital stock immediately prior to such transaction are entitled to exercise, directly or indirectly, 50% or more of the total voting power of all shares of Williams capital stock entitled to vote generally in elections of directors of the continuing or surviving person immediately after giving effect to such transaction; or
  - any merger solely for the purpose of changing Williams jurisdiction of incorporation and resulting in a reclassification, conversion or exchange of outstanding shares of Common Stock solely into shares of Common Stock of the surviving entity.

Beneficial ownership will be determined in accordance with Rule 13d-3 promulgated by the SEC under the Securities Exchange Act of 1934 referred to herein as the Exchange Act . The term person includes any syndicate or group which would be deemed to be a person under Section 13(d)(3) of the Exchange Act.

However, a change of control will not be deemed to have occurred if:

- the closing sale price per share of the Common Stock for any five full trading days, not including extended hours trading, within the period of ten consecutive trading days ending immediately after the later of the change of control or the public announcement of the change of control, in the case of a change of control under the first bullet point above, or the period of ten consecutive full trading days, not including extended hours trading, ending immediately before the change of control, in the case of a change of control under the third bullet point above, equals or exceeds 110% of the conversion price per share of the Common Stock in effect on each of those trading days, as adjusted; or

- at least 90% of the consideration in the transaction or transactions constituting a change of control consists of shares of Common Stock traded or to be traded immediately following such change of control on a national securities exchange or the Nasdaq National Market and, as a result of such

Table of Contents

transaction or transactions, the Debentures become convertible into such Common Stock and any rights attached thereto.

Except as described above with respect to a change of control and below under Merger and Sale of Assets by Williams, neither the Debentures nor the Indenture will contain provisions that permit Holders of Debentures to require that Williams repurchase the Debentures in the event of, or otherwise prohibit Williams from undertaking, a merger, takeover, recapitalization or similar business combination or restructuring transaction. The term change of control is limited to specified transactions and may not include other events that might adversely affect Williams financial condition or business operations. Williams may enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that could affect its capital structure or the value of Common Stock, but that would not constitute a change of control. Williams obligation to offer to redeem the Debentures upon a change of control would not necessarily afford Holders protection in the event of a highly leveraged transaction, reorganization, merger or similar transaction involving Williams.

Williams ability to repurchase Debentures upon the occurrence of a change of control is subject to important limitations. The occurrence of a change of control could cause an event of default under, or be prohibited or limited by, the terms of Williams senior or senior subordinated debt. As a result, any repurchase of the Debentures would, absent a waiver, be prohibited under the Indentures governing such senior or senior subordinated debt until the debt is paid in full. Further, there can be no assurance that Williams would have the financial resources, or would be able to arrange financing, to pay the repurchase price for all the Debentures that might be delivered by Holders of Debentures seeking to exercise their repurchase right. Any failure by Williams to repurchase the Debentures when required following a change of control would result in an event of default under the Indenture, whether or not such repurchase is permitted by the Indentures governing Williams senior or senior subordinated debt. Any such default may, in turn, cause a default under Williams other indebtedness.

Subordination of Debentures

The payment of principal of and interest on the Debentures will, to the extent provided in the Indenture, be subordinated to the prior payment in full of all present and future senior and senior subordinated indebtedness, as defined below. The Debentures also are effectively subordinated to all debt and other liabilities, including trade payables and lease obligations, if any, of Williams subsidiaries.

Upon any payment or distribution of Williams assets upon any dissolution, winding up, liquidation or reorganization, or in a bankruptcy, insolvency or other proceeding, the payment of the principal of, or premium, if any, interest and liquidated damages, if any, on the Debentures will be subordinated in right of payment to the prior payment in full of all senior and senior subordinated indebtedness in cash, including interest after the commencement of any such proceeding at the rate specified in the applicable debt agreement or other document, whether or not allowed as a claim in such proceeding. In the event of any acceleration of the Debentures because of an event of default, the holders of any outstanding senior or senior subordinated indebtedness would be entitled to payment in full in cash, including interest after the commencement of any such proceeding at the rate specified in the applicable debt agreement or other document, whether or not allowed as a claim in such proceeding, of all senior and senior subordinated indebtedness obligations before the Holders of the Debentures are entitled to receive any payment or distribution. Williams is required under the Indenture to promptly notify holders of senior and senior subordinated indebtedness if payment of the Debentures is accelerated because of an event of default.

Neither Williams nor any of Williams subsidiaries may make any payment on the Debentures if:

a default in the payment of designated senior indebtedness occurs and is continuing beyond any applicable period of grace which Williams refers to herein as a payment default ; or

a default, other than a payment default, on any designated senior indebtedness occurs and is continuing that permits holders of any of the designated senior indebtedness to accelerate its maturity, or in the case of a lease that is designated senior indebtedness, a default occurs and is continuing that permits

Table of Contents

the lessor either to terminate the lease or to require Williams to make an irrevocable offer to terminate the lease following an event of default under the lease, and the trustee receives a notice of such default which Williams refers to herein as a payment blockage notice from any person permitted to give such notice under the Indenture which Williams refers to herein as a non-payment default .

Williams may resume payments and distributions on the Debentures:

in case of a payment default, on the date on which such default is cured or waived or ceases to exist; and

in case of a non-payment default, on the earlier of the date on which such non-payment default is cured or waived or ceases to exist and 179 days after the date on which the payment blockage notice is received, if the maturity of any of the designated senior indebtedness has not been accelerated or in the case of any lease, 179 days after notice is received if Williams has not received notice that the lessor under such lease has exercised its right to terminate the lease or require Williams to make an irrevocable offer to terminate the lease following an event of default under the lease.

Not more than one payment blockage may be commenced pursuant to a payment blockage notice during any 360 consecutive days. No non-payment default that existed or was continuing on the date of delivery of any payment blockage notice, to the extent the holder of designated senior debt or the trustee or agent giving such notice had knowledge of the same, shall be the basis for any later payment blockage notice.

If the trustee or any Holder of the Debentures receives any payment or distribution of Williams assets with respect to the Debentures in contravention of the subordination provisions, then such payment or distribution will be held in trust for the benefit of Holders of senior and senior subordinated indebtedness or their representatives to the extent necessary to make payment in full of all unpaid senior and senior subordinated indebtedness in cash.

Because of the subordination provisions discussed above, in the event of Williams bankruptcy, dissolution or reorganization, holders of senior and senior subordinated indebtedness may receive more, ratably, and Holders of the Debentures may receive less, ratably, than Williams other creditors. This subordination will not prevent the occurrence of any event of default under the Indenture that would otherwise occur upon any nonpayment of the Debentures.

The Debentures are exclusively Williams obligations and not obligations of any of Williams subsidiaries. Substantially all of Williams operations are conducted through Williams subsidiaries. As a result, Williams cash flow and Williams ability to service its debt, including the Debentures, is dependent upon the earnings of its subsidiaries. In addition, Williams is dependent on the distribution of earnings, loans or other payments from its subsidiaries. In addition, any payment of dividends, distributions, loans or advances by Williams subsidiaries to it could be subject to statutory or contractual restrictions. Payments to Williams by its subsidiaries will also be contingent upon Williams subsidiaries earnings and business considerations.

Williams right to receive any assets of any of its subsidiaries upon their liquidation or reorganization, and therefore the right of the Holders to participate in those assets, will be effectively subordinated to the claims of that subsidiary s creditors, including trade creditors, except to the extent that Williams itself may be a creditor of such subsidiary. In addition, even if Williams was a creditor to any of its subsidiaries, Williams rights as a creditor would be subordinate to any security interest in the assets of its subsidiaries and any indebtedness of its subsidiaries senior to that held by Williams.

Subject to the qualifications described below, the term senior and senior subordinated indebtedness includes principal and premium, if any, and interest, including any interest accruing subsequent to the filing of a petition of bankruptcy at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed claim under applicable law, on, and all other amounts owing in respect of (including, without limitation, obligations to pay principal and interest, reimbursement obligations under letters of credit, fees, expenses and indemnities thereunder) all of Williams indebtedness, whether outstanding on the date of the issuance of the Debentures or thereafter created, incurred or assumed. Notwithstanding the foregoing, senior and senior subordinated indebtedness will not include (1) any indebtedness which by its

Table of Contents

terms is expressly made equal in rank and payment with or subordinated to the Debentures, (2) obligations of Williams owed to its subsidiaries or (3) Williams redeemable stock. Senior and senior subordinated indebtedness will continue to be senior and senior subordinated indebtedness and entitled to the benefits of the subordination provisions irrespective of any amendment, modification or waiver of any term of the senior and senior subordinated indebtedness or extension, renewal or refunding of the senior and senior subordinated indebtedness.

The term indebtedness is defined in the Indenture and includes, in general terms, Williams liabilities in respect of borrowed money, notes, bonds, debentures, letters of credit, bank guarantees, bankers acceptances, obligations for the deferred purchase price of property, other than trade accounts payable in the ordinary course of business, all of Williams obligations under leases required or permitted to be capitalized under generally accepted accounting principles, interest rate and foreign currency derivative contracts or similar arrangements, guarantees and certain other obligations described in the Indenture, subject to certain exceptions. The term does not include, for example, any account payable or other accrued current liability or obligation incurred in the ordinary course of business in connection with the obtaining of materials or services.

The term designated senior indebtedness is defined in the Indenture and includes, in general terms, any senior or senior subordinated indebtedness that by its terms expressly provides that it is designated senior indebtedness for purposes of the Indenture.

As of September 30, 2005, Williams had approximately $7.72 billion of senior and senior subordinated debt, including approximately $2.33 billion of subsidiary debt other than intercompany indebtedness, trade payables and other liabilities of Williams subsidiaries. As of September 30, 2005, Williams also had approximately $1.71 billion in letters of credit outstanding. Neither Williams nor Williams subsidiaries are prohibited from incurring debt, including senior indebtedness, under the Indenture. Williams may from time to time incur additional debt, including senior indebtedness. Williams subsidiaries may also from time to time incur additional debt and liabilities.

Williams is obligated to pay reasonable compensation to the trustee and to indemnify the trustee against certain losses, liabilities or expenses incurred by the trustee in connection with its duties relating to the Debentures. The trustee s claims for these payments will generally be senior to those of Holders in respect of all funds collected or held by the trustee.

Restrictions on Certain Payments

Williams has agreed that if:

an event has occurred that with the giving of notice or the lapse of time, or both, would constitute an event of default and Williams has not taken commercially reasonable steps to cure the event, referred to herein as a potential event of default ; or

Williams has given notice of its intention to begin an interest deferral period, as described under Option to Extend Interest Payment Period and has not rescinded the notice, or any deferral period is continuing;

then Williams will not and will not permit any of its subsidiaries to do any of the following each referred to herein as a Restricted Payment :

declare or pay any dividends on, make distributions regarding, or redeem, purchase, acquire or make a liquidation payment with respect to, any of the capital stock of Williams, other than:

(1) purchases of the capital stock of Williams in connection with employee or agent benefit plans or under any dividend reinvestment plan;

(2) in connection with the reclassifications of any class or series of Williams capital stock, or the exchange or conversion of one class or series of Williams capital stock for or into another class or series of its capital stock;

Table of Contents

(3) the purchase of fractional interests in shares of Williams capital stock in connection with the conversion or exchange provisions of that capital stock or the security being converted or exchanged;

(4) dividends or distributions in Williams capital stock, or options, warrants or rights to acquire capital stock, or repurchases or redemptions of capital stock solely from the issuance or exchange of capital stock;

(5) any declaration of a dividend in connection with the implementation of a shareholders rights plan, or issuances of stock under any such plan in the future, or redemptions or repurchases of any such rights pursuant to any such shareholders rights plan; or

(6) repurchases of Common Stock in connection with acquisitions of businesses made by Williams or any of its subsidiaries, which repurchases are made in connection with the satisfaction of indemnification obligations of the sellers of such businesses;

make any payment of interest, principal or premium, if any, on or repay, repurchase or redeem any debt securities, including other Debentures, issued by Williams that rank equally with or junior to the Debentures; and

make any guarantee payments with respect to any guarantee by Williams of the debt securities, including other guarantees, of any of its subsidiaries, if such guarantee ranks equally with or junior in interest to the Debentures.

Notwithstanding the foregoing, Restricted Payments shall not include payments or distributions of any kind made by Williams, directly or indirectly, to Williams Gas Pipeline Company, LLC, or any of its direct or indirect subsidiaries, or to any successor company established by Williams to own or manage its natural gas pipelines and related assets, or any of such successor company s direct or indirect subsidiaries.

Merger and Sale of Assets by Williams

The Indenture provides that Williams may not consolidate with or merge with or into any other person or sell, convey, transfer or lease its properties and assets substantially as an entirety to another person, unless among other items:

Williams is the surviving person, or the resulting, surviving or transferee person, if other than Williams, is organized and existing under the laws of the United States, any state thereof or the District of Columbia;

the resulting, surviving or transferee person assumes all of Williams obligations under the Debentures and the Indenture;

after giving effect to such transaction, there is no event of default, and no event which, after notice or passage of time or both, would become an event of default; and

Williams has delivered to the trustee an officers certificate and an opinion of counsel each stating that such consolidation, merger, sale, conveyance, transfer or lease complies with these requirements.

When such a person assumes Williams obligations in such circumstances, subject to certain exceptions, Williams shall be discharged from all obligations under the Debentures and the Indenture.

Events of Default; Notice and Waiver

The Indenture provides that any one or more of the following described events, which has occurred and is continuing, constitutes an Event of Default with respect to the Debentures:

failure for 30 days to pay interest or liquidated damages on the Debentures when due, whether or not the payment is prohibited by subordination provisions, provided that a valid extension of the interest payment period by Williams shall not constitute a default in the payment of interest for this purpose;

Table of Contents

failure to pay principal of or premium, if any, on the Debentures when due whether at maturity, by declaration or otherwise, whether or not the payment is prohibited by subordination provisions;

default in Williams obligation to convert the Debentures into shares of its Common Stock upon exercise of a Holder s conversion right;

default in Williams obligation to repurchase the Debentures at the option of a Holder upon a change of control, whether or not the payment is prohibited by subordination provisions;

default in Williams obligation to redeem the Debentures after it has exercised its option to redeem, whether or not the payment is prohibited by subordination provisions;

failure to observe or perform any other covenant contained in the Indenture for 90 days after written notice to Williams from the trustee or the Holders of at least 25% in principal amount of the outstanding Debentures;

failure to pay at final stated maturity, giving effect to any applicable grace periods and any extensions thereof, the principal amount of any other junior subordinated indebtedness of Williams or the acceleration of the final stated maturity of any such other junior subordinated indebtedness, which acceleration is not rescinded, annulled or otherwise cured within 90 days of receipt by Williams of notice from the Holders thereof of any such acceleration, if the aggregate principal amount of such indebtedness, together with the principal amount of any other such junior subordinated indebtedness in default for failure to pay principal at final stated maturity or which has been accelerated (in each case with respect to which the 90-day period described above has elapsed), aggregates $250 million or more at any time; or

certain events involving Williams bankruptcy, insolvency or reorganization.

If an event of default occurs and continues, the trustee or the Holders of at least 25% in principal amount of the outstanding Debentures may declare the principal, premium, if any, and accrued and unpaid interest, including liquidated damages, if any, on the outstanding Debentures to be immediately due and payable. In case of certain events of bankruptcy or insolvency involving Williams, the principal, premium, if any, and accrued and unpaid interest, including liquidated damages, if any, on the Debentures will automatically become due and payable. However, if Williams cures all defaults, except the nonpayment of principal, premium, if any, interest, including liquidated damages, if any, that became due as a result of the acceleration, and meet certain other conditions, with certain exceptions, this declaration may be cancelled and the Holders of a majority of the principal amount of outstanding Debentures may waive these past defaults.

The Holders of a majority of outstanding Debentures will have the right to direct the time, method and place of any proceedings for any remedy available to the trustee, subject to limitations specified in the Indenture.

No Holder of the Debentures may pursue any remedy under the Indenture, except in the case of a default in the payment of principal, premium, if any, or interest, including liquidated damages, if any, on the Debentures, unless:

the Holder has given the trustee written notice of an event of default;

the Holders of at least 25% in principal amount of outstanding Debentures make a written request, and offer reasonable indemnity, to the trustee to pursue the remedy;

the trustee does not receive an inconsistent direction from the Holders of a majority in principal amount of the Debentures;

the Holder or Holders have offered reasonable security or indemnity to the trustee against any costs, liability or expense of the trustee; and

the trustee fails to comply with the request within 60 days after receipt of the request and offer of indemnity.

Table of Contents

Williams is required to file annually with the trustee a certificate as to whether or not Williams is in compliance with all the conditions and covenants under the Indenture.

Modification and Amendment

The consent of the Holders of a majority in principal amount of the outstanding Debentures is required to modify or amend the Indenture. However, a modification or amendment requires the consent of the Holder of each outstanding Debenture if it would:

extend the fixed maturity of any Debenture;

reduce the rate or extend the time for payment of interest, including liquidated damages, if any, of any Debenture;

reduce the principal amount or premium of any Debenture;

reduce any amount payable upon redemption or repurchase of any Debenture;

adversely change Williams obligation to redeem any Debenture on a redemption date;

adversely change Williams obligation to repurchase any Debenture upon a change of control;

impair the right of a Holder to institute suit for payment on any Debenture;

change the currency in which any Debenture is payable;

impair the right of a Holder to convert any Debenture or reduce the number of common shares or any other property receivable upon conversion;

reduce the quorum or voting requirements under the Indenture;

subject to specified exceptions, modify certain of the provisions of the Indenture relating to modification or waiver of provisions of the Indenture; or

reduce the percentage of Debentures required for consent to any modification of the Indenture.

Williams is permitted to modify certain provisions of the Indenture without the consent of the Holders of the Debentures, including to:

secure any Debentures;

evidence the assumption of Williams obligations by a successor person;

add covenants for the protection of the Holders of Debentures;

cure any ambiguity or correct any inconsistency in the Indenture, so long as such action will not adversely affect the interests of Holders;

establish the forms or terms of the Debentures;

evidence the acceptance of appointment by a successor trustee; and

make other changes to the Indenture or forms or terms of the Debentures, provided no such change individually or in the aggregate with all other such changes has or will have a material adverse effect on the interests of the

Holders of the Debentures.

Form, Denomination and Registration

The Debentures are issued:

in fully registered form;

without interest coupons; and

in denominations of $50 principal amount and integral multiples of $50.

Table of Contents

Global Debenture, Book-Entry Form

Debentures are evidenced by one or more global debentures deposited with the trustee as custodian for The Depository Trust Company which Williams refers to herein as the DTC , and registered in the name of Cede & Co. as DTC s nominee. Record ownership of the global debentures may be transferred, in whole or in part, only to another nominee of DTC or to a successor of DTC or its nominee, except as set forth below. A Holder may hold its interests in the global debentures directly through DTC if such Holder is a participant in DTC, or indirectly through organizations which are direct DTC participants if such Holder is not a participant in DTC. Transfers between direct DTC participants will be effected in the ordinary way in accordance with DTC s rules and will be settled in same-day funds. Holders may also beneficially own interests in the global debentures held by DTC through certain banks, brokers, dealers, trust companies and other parties that clear through or maintain a custodial relationship with a direct DTC participant, either directly or indirectly.

So long as Cede & Co., as nominee of DTC, is the registered owner of the global debentures, Cede & Co. for all purposes will be considered the sole Holder of the global debentures. Except as provided below, owners of beneficial interests in the global debentures:

will not be entitled to have certificates registered in their names;

will not receive or be entitled to receive physical delivery of certificates in definitive form; and

will not be considered Holders of the global debentures.

The laws of some states require that certain persons take physical delivery of securities in definitive form. Consequently, the ability of an owner of a beneficial interest in a global security to transfer the beneficial interest in the global security to such persons may be limited.

Information Concerning the Trustee

Williams has appointed JPMorgan Chase Bank, National Association, the trustee under the Indenture, as paying agent, conversion agent, convertible debenture registrar and custodian for the Debentures. The trustee or its affiliates may also provide banking and other services to Williams in the ordinary course of their business.

The Indenture contains certain limitations on the rights of the trustee, if it or any of its affiliates is then Williams creditor, to obtain payment of claims in certain cases or to realize on certain property received on any claim as security or otherwise. The trustee and its affiliates will be permitted to engage in other transactions with Williams. However, if the trustee or any affiliate continues to have any conflicting interest and a default occurs with respect to the Debentures, the trustee must eliminate such conflict or resign.

Governing Law

The Debentures and the Indenture shall be governed by, and construed in accordance with, the laws of the State of New York.

Table of Contents

DESCRIPTION OF CAPITAL STOCK

Under Williams certificate of incorporation, as amended, Williams is authorized to issue up to 30,000,000 shares of preferred stock, par value $1.00 per share, in one or more series. See Outstanding Preferred Stock below. As of the date of this prospectus, Williams is authorized to issue up to 960,000,000 shares of Common Stock. As of December 15, 2005, Williams had 589,042,687 issued and outstanding shares of Common Stock. In addition, at December 15, 2005, options to purchase 20,504,005 shares of Common Stock were outstanding under various stock and compensation incentive plans. On May 15, 2003, Williams shareholders approved an amendment to Williams 2002 Incentive Plan that allows Williams to commence a one-time only stock option exchange program in which any eligible employee will be given an opportunity to exchange certain outstanding options for a proportionately lesser number of options at a lower exercise price. The program excludes Williams directors, executive officers, and non-U.S. citizen employees working outside the U.S. Williams has the authority, in Williams sole discretion, to determine whether and when the exchange program will commence, and to postpone the exchange program for any reason. The number of shares of Common Stock which the Holders of these purchase contracts are required to purchase is subject to adjustment based on the market value of Common Stock. The outstanding shares of Common Stock are fully paid and nonassessable. The holders of Common Stock are not entitled to preemptive or redemption rights. Shares of Common Stock are not convertible into shares of any other class of capital stock. Computershare Limited, formerly EquiServe Trust Company, N.A. (Computershare), is the transfer agent and registrar for Common Stock.

Williams currently has the following provisions in its charter or bylaws which could be considered to be anti-takeover provisions:

- an article in its charter providing for a classified board of directors divided into three classes, one of which is elected for a three-year term at each annual meeting of stockholders;
- an article in its charter providing that directors cannot be removed except for cause and by the affirmative vote of three-fourths of the outstanding shares of Common Stock;
- an article in its charter requiring the affirmative vote of three-fourths of the outstanding shares of Common Stock for certain merger and asset sale transactions with Holders of more than five percent of the voting power of Williams;
- a bylaw that only permits its chairman of the Board, president or a majority of the Board to call a special meeting of the stockholders; and
- a bylaw requiring stockholders to provide prior notice for nominations for election to the Board of Directors or for proposing matters which can be acted upon at stockholders meetings.

Williams is a Delaware corporation and is subject to Section 203 of the Delaware General Corporation Law. In general, Section 203 prevents an interested stockholder, which is defined generally as a person owning 15% or more of Williams outstanding voting stock from engaging in a business combination with Williams for three years following the date that person became an interested stockholder unless:

- before that person became an interested stockholder, the board of directors of Williams approved the transaction in which the interested stockholder became an interested stockholder or approved the business combination;
- upon completion of the transaction that resulted in the interested stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of Williams outstanding at the time the transaction commenced (excluding stock held by persons who are both directors and officers of Williams or by certain employee stock plans); or

on or following the date on which that person became an interested stockholder, the business combination is approved by Williams board of directors and authorized at a meeting of stockholders by the affirmative vote of the holders of a least 66^2/3% of the outstanding voting stock of Williams (excluding shares held by the interested stockholder).

Table of Contents

A business combination includes mergers, asset sales and other transactions resulting in a financial benefit to the interested stockholder.

Dividends

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

Voting Rights

The holders of Common Stock are entitled to one vote per share on all matters submitted to a vote of stockholders.

Rights Upon Liquidation

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

Preferred Stock Purchase Rights

On September 21, 2004, Williams entered into an amended and restated rights agreement with Computershare, as rights agent. The amended and restated rights agreement provides for a one-third preferred stock purchase right for each outstanding share of Williams Common Stock (subject to adjustment for stock splits, stock dividends and recapitalizations with respect to Williams Common Stock). The rights trade automatically with shares of Common Stock and become exercisable only under the circumstances described below. The rights are designed to protect the interests of Williams and its stockholders against coercive takeover tactics. The purpose of the rights is to encourage potential acquirers to negotiate with Williams Board prior to attempting a takeover and to provide the Board with leverage in negotiating on behalf of all stockholders the terms of any proposed takeover. The rights may have anti-takeover effects. The rights should not, however, interfere with a merger or other business combination approved by Williams Board.

Until a right is exercised, the right does not entitle the holder to additional rights as a Williams stockholder, including, without limitation, the right to vote or to receive dividends. Upon becoming exercisable, each right entitles its holder to purchase from Williams one two-hundredth of a share of Series A Junior Participating Preferred Stock at an exercise or purchase price of $50.00 per right, subject to adjustment. Each share of Series A Junior Participating Preferred Stock entitles the holder to receive quarterly dividends payable in cash of an amount per share equal to:

the greater of (a) $120, or (b) 1,200 times the aggregate per share amount of all cash dividends; plus

1,200 times the aggregate per share amount payable in kind of all non-cash dividends or other distributions other than dividends payable in Common Stock, since the immediately preceding quarterly dividend payment date.

The dividends on the Junior Participating Preferred Stock are cumulative. Holders of Junior Participating Preferred Stock have voting rights entitling them to 1,200 votes per share on all matters submitted to a vote of Williams stockholders.

In general, the rights will not be exercisable until the distribution date, which is the earlier of (a) the date of the first Section 11(a)(ii) Event (as defined below) or the date of the first Section 13 Event (as defined below) and (b) the close of business on the 10th business day (or such later date as Williams Board shall determine) after the commencement of a tender or exchange offer for 15% or more of Williams outstanding Common Stock. Below reference to a person or group acquiring at least 15% of Williams Common Stock as an acquiring person.

Table of Contents

In the event that a person or group acquires beneficial ownership of 15% or more of Williams outstanding Common Stock as described in Section 11(a)(ii) of the amended and restated rights agreement (a Section 11(a)(ii) Event) and the expiration date has not occurred prior to the tenth business day after a Section 11(a)(ii) Event, each holder of a right will have the right to exercise and receive Common Stock having a value equal to two times the exercise price of the right. The exercise price is the purchase price times the number of shares of Common Stock associated with each right. Any rights that are at any time beneficially owned by an acquiring person will be null and void and any holder of such right will be unable to exercise or transfer the right.

In the event that at any time prior to the earlier of the redemption date or the expiration date as defined in the amended and restated rights agreement, a Section 13 Event as described in Section 13 of the amended and restated rights agreement occurs, each right becomes exercisable and each right will entitle its holder to receive Common Stock of the principal party having a value equal to two times the exercise price of the right. A Section 13 Event is where Williams either (a) engages in a merger or other business combination in which Williams is not the surviving corporation, (b) engages in a merger or other business combination in which Williams is the surviving corporation but all or a part of Williams Common Stock is changed or exchanged, or (c) sells or transfers 50% or more of Williams assets, cash flow or earning power.

The rights will expire at the close of business on September 21, 2014, unless redeemed before that time. At any time prior to the earlier of (a) a Section 11(a)(ii) Event, (b) the date of the first Section 13 Event, and (c) September 21, 2014, Williams Board may redeem the rights in whole, but not in part, at a price of $0.01 per right. Prior to the date of the first Section 11(a)(ii) Event or the date of the first Section 13 Event, Williams may amend the amended and restated rights agreement in any respect without the approval of the rights holders. However, after the date of the first Section 11(a)(ii) Event or the date of the first Section 13 Event, the amended and restated rights agreement may not be amended in any way that would adversely affect the holders of rights (other than any acquiring person or a principal party). The Junior Participating Preferred Stock ranks junior to all other series of Williams preferred stock as to the payment of dividends and the distribution of assets unless the terms of the series specify otherwise. Holders should refer to the applicable provisions of the amended and restated rights agreement, which Williams filed with the SEC as Exhibit 4.1 to Williams Current Report on Form 8-K filed September 21, 2004.

Table of Contents

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following discussion sets forth the opinion of counsel to the Company, Gibson, Dunn & Crutcher LLP, regarding the material U.S. federal income tax consequences of conversion pursuant to the Offer. This discussion deals only with Debentures and Common Stock held as capital assets (generally, property held for investment) by a beneficial owner.

This discussion is based on the Internal Revenue Code of 1986, as amended (the Code), the Treasury regulations promulgated under the Code and administrative and judicial interpretations, all as in effect on the date hereof. These income tax laws, regulations and interpretations, however, may change at any time, possibly with retroactive effect. This discussion does not address the effect of any U.S. federal estate and gift tax laws, or any state, local or foreign tax laws.

As used herein, a U.S. Holder is a beneficial owner of Debentures that is one of the following for U.S. federal income tax purposes:

a citizen or resident of the United States;

a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or any political subdivision of the United States;

an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust, or (2) has a valid election in effect under applicable Treasury regulations to be treated as a United States person.

A non-U.S. Holder is a beneficial owner of Debentures who is not a U.S. Holder, and is not a partnership (or other entity treated as a partnership for U.S. federal income tax purposes). If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of the Debentures or Common Stock, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. A beneficial owner that is a partnership and partners in such a partnership should consult their tax advisors regarding the U.S. federal income tax consequences of the conversion pursuant to the Offer and the ownership and disposition of Common Stock.

This discussion does not describe all of the U.S. federal income tax consequences that may be relevant to you in light of your particular circumstances. In addition, this discussion does not address all the tax consequences that may be relevant to beneficial owners that are subject to special tax treatment, such as:

dealers in securities or currencies;

financial institutions;

tax-exempt investors;

traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;

persons liable for alternative minimum tax;

insurance companies;

real estate investment companies;

regulated investment companies;

persons holding Debentures or Common Stock as part of a hedging, conversion, integrated or constructive sale transaction;

persons holding Debentures or Common Stock as part of a straddle; or

U.S. Holders whose functional currency is not the United States dollar.

Table of Contents

Because of the absence of legal authority directly addressing the U.S. federal income tax consequences of conversion pursuant to the Offer, no assurance can be given that the Internal Revenue Service (the IRS) or the courts will agree with the tax consequences as described herein. Although the following discussion describes the material federal income tax consequences of conversion pursuant to the Offer, such consequences to each Holder may depend on each Holder s particular facts and circumstances. You should consult your own tax advisor regarding the tax consequences to you of conversion pursuant to the Offer and of the ownership of Common Stock in light of your particular facts and circumstances, including the tax consequences under state, local, foreign and other tax laws.

Treatment of Accrued Interest

Because of the right to extend the interest period on the Debentures, all of the stated interest payments on the Debentures were required to be included in the income of the Holders as original issue discount (OID). Therefore, Holders who accept the Offer will be required to include in income for the current taxable year OID equal to interest accrued up to the Settlement Date. A Holder s tax basis in the Debentures is increased by OID included in income and is reduced by the payments of cash received for stated interest, including any cash payments received as part of the Conversion Consideration for interest accrued since the last interest payment date. Holders who acquired their Debentures at prices higher or lower than the adjusted issue price of the Debentures at such time should consult their tax advisors regarding the proper treatment of any acquisition premium or market discount with respect to their Debentures.

U.S. Federal Income Tax Consequences of Conversion pursuant to the Offer

In the opinion of Gibson, Dunn & Crutcher LLP, counsel to Williams, the surrender of the Debentures in exchange for the Conversion Consideration and Common Stock (which is sometimes referred to below as the Conversion) should be treated for U.S. federal income tax purposes as a recapitalization under Section 368(a)(1)(E) of the Code. Because of the absence of legal authority directly on point, this conclusion is not free from doubt. Assuming that the Conversion is treated as a recapitalization, a Holder that converts the Debentures pursuant to the Offer will recognize capital gain in an amount equal to the lesser of (1) the Conversion Consideration (other than any amount attributable to accrued interest) and (2) the excess of the fair market value of the Common Stock (including fractional shares) and the Conversion Consideration received in the Conversion (other than any amount attributable to accrued interest) over the beneficial owner s adjusted tax basis in the Debentures surrendered in the exchange. Such gain will be long-term capital gain if the Debentures have been held for more than one year at the time of Conversion. The tax basis of the Common Stock (including fractional shares) received upon Conversion will be the same as the tax basis of the Debentures surrendered, increased by the amount of gain recognized, if any, and reduced by the amount of the Conversion Consideration (to the extent not attributable to accrued interest). The holding period of the Common Stock received will include the holding period of the Debentures surrendered. A Holder will generally recognize capital gain on the receipt of cash in lieu of a fractional share of Common Stock as if such fractional share had been issued and then redeemed by the Company.

No statutory, administrative or judicial authority directly addresses the U.S. federal income tax consequences of conversion pursuant to the Offer. Therefore, the IRS may take the position that the Conversion is not a recapitalization. Instead, for example, the IRS could take the position that the Conversion is a conversion of the Debentures pursuant to their terms, and that the Conversion Consideration must be recognized as ordinary income (other than interest) in its entirety. In such case, the exchange of Debentures for Common Stock pursuant to the Conversion would not be taxable, but the Conversion Consideration would be taxable as ordinary income.

Holders who acquired their Debentures at prices below the adjusted issue price of the Debentures at such time may recognize ordinary income with respect to all or a portion of the cash received equal to accrued market discount with respect to the Debentures. Such Holders should consult their own advisors regarding the treatment of accrued market discount in light of their particular facts and circumstances.

Table of Contents

Non-U.S. Holders

The following discussion applies only to non-U.S. Holders. Special rules may apply to you if you are a controlled foreign corporation, passive foreign investment company, or in certain circumstances a U.S. expatriate. Such non-U.S. Holders should consult their own tax advisors.

Payment of Accrued Interest

Non-U.S. Holders generally will not be subject to U.S. federal income or withholding tax on amounts received attributable to accrued interest or OID provided that (1) such amounts are not effectively connected with the conduct of a trade or business by the non-U.S. Holder in the United States, (2) the non-U.S. Holder does not actually or constructively own 10% or more of the total combined voting power of all classes of the Company s stock entitled to vote, (3) the non-U.S. Holder is not a controlled foreign corporation that is related to the Company through stock ownership, (4) the non-U.S. Holder is not a bank whose receipt of interest on the Debentures is described in section 881(c)(3)(A) of the Code, and (5) either (a) the non-U.S. Holder provides its name and address on an IRS Form W-8BEN (or successor form) and certifies, under penalty of perjury , that it is not a United States person or (b) a securities clearing organization, bank or other financial institution holding the Debentures on behalf of the non-U.S. Holder certifies, under penalty of perjury, that it has received an IRS Form W-8BEN (or successor form) from the non-U.S. Holder and provides a copy thereof. Special rules may apply to Holders that acquired their Debentures at prices below the adjusted issue price of the Debentures.

Conversion Pursuant to the Conversion Offer

If, consistent with the opinion of Gibson, Dunn & Crutcher LLP, the Conversion constitutes a recapitalization for U.S. federal income tax purposes, the receipt of Conversion Consideration (other than the amount paid for accrued interest, which is subject to the rules described above under Payment of Accrued Interest) by a non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax unless:

the non-U.S. Holder is an individual who was present in the United States for 183 days or more during the taxable year of disposition and certain other conditions are met;

the gain is effectively connected with the conduct of a trade or business by the non-U.S. Holder in the United States; or

the Company is or has been a United States real property holding corporation for U.S. federal income tax purposes. The Company believes that it may be a United States real property holding corporation but has not made a determination. Even if the Company is or has been a United States real property holding corporation, so long as the Company s Common Stock continues to be regularly traded on an established securities market, you will not be subject to U.S. federal income or withholding tax on the Conversion if you satisfy one of the following conditions. If the Debentures are regularly traded on an established securities market, you satisfy the condition if you owned, actually or by attribution (at any time during the shorter of the five year period preceding the date of disposition or your holding period), less than or equal to five percent of the outstanding Debentures. If the Debentures are not regularly traded, you satisfy the condition if you owned, actually or by attribution (at any time during the shorter of the five year period preceding the date of disposition or your holding period), Debentures that did not have, as of any date on which you acquired Debentures, a fair market value greater than the fair market value of five percent of the outstanding Common Stock.

If, instead, the Conversion is treated for U.S. federal income tax purposes as a conversion of the Debentures into Common Stock, and the Conversion Consideration is treated as ordinary income that is not interest, a non-U.S. Holder may be subject to tax on the receipt of the Conversion Consideration and the Company may be required to withhold taxes from such payment. Because of this uncertainty, the Company intends to withhold 30% of the Conversion Consideration paid to non-U.S. Holders and to pay such withheld amount to the IRS unless the Holder qualifies for an exemption from, or reduction of, withholding tax

Table of Contents

pursuant to an income tax treaty or because such amount is effectively connected with the conduct of a trade business by the non-U.S. Holder in the United States. See Information Reporting and Tax Withholding Non-U.S. Holders . Non-U.S. Holders should consult their own tax advisors regarding the application of the withholding tax rules to their particular circumstances, including the possibility of filing a claim for a refund of tax withheld on the Conversion Consideration.

U.S. Federal Estate Tax

An individual non-U.S. Holder who converts Debentures into Common Stock and deceases while holding such stock will be subject to the U.S. federal estate tax. The estate tax generally applies to the fair market value of the shares of Common Stock held at the time of death. Non-U.S. holders should consult with their tax advisors regarding the application of the estate tax to their particular facts.

Information Reporting and Tax Withholding

U.S. Holders

In general, the Company is subject to reporting requirements with respect to payments to you of the Conversion Consideration unless you are an exempt recipient such as a corporation. A backup withholding tax will apply to such payments if you fail to provide a taxpayer identification number, a certification of exempt status, or otherwise fail to comply with applicable information reporting requirements. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your U.S. federal income tax liability provided the required information is furnished to the IRS in a timely manner.

Non-U.S. Holders

The Company will report to the IRS the payment of the Conversion Consideration to a non-U.S. Holder as income other than interest. As stated above under Conversion Pursuant to the Conversion Offer, the Company intends to withhold 30% of the Conversion Consideration paid to non-U.S. Holders and pay such amount to the IRS unless an exemption or reduction applies. In order to claim an exemption from, or reduction of, such withholding tax, the non-U.S. Holder must deliver a properly executed IRS Form W-8ECI (or successor form) with respect to amounts effectively connected with the conduct of a trade or business within the United States or IRS Form W-8BEN (or successor form) with respect to an exemption or reduction under a treaty. Non-U.S. Holders should consult with their tax advisors regarding the availability and procedures for a refund of such withholding tax from the IRS.

INTERESTS OF DIRECTORS AND OFFICERS IN THE TRANSACTION

Williams is not aware of any of its directors, officers, principal stockholders or affiliates that own Debentures or will be surrendering Debentures for conversion pursuant to the Offer. Neither Williams, nor any of its subsidiaries nor, to the best of its knowledge, any of the its directors or executive officers, nor any affiliates of any of the foregoing, have engaged in any transactions in the Debentures during the 60 business days prior to the date hereof.

DEALER MANAGERS

The Dealer Managers for the Offer are Lehman Brothers Inc. and Merrill Lynch & Co. Williams has agreed to pay the Dealer Managers compensation for their services in connection with the Offer, which compensation would be $1,499,935, assuming full participation in the Offer. The Dealer Managers and their affiliates have rendered and may in the future render various investment banking, lending and commercial banking services and other advisory services to the Company and its subsidiaries. The Dealer Managers have received, and may in the future receive, customary compensation from Williams and its subsidiaries for such services. The Dealer Managers have regularly acted as underwriters and initial purchasers of long and short-

Table of Contents

term debt securities issued by Williams in public and private offerings and will likely continue to do so from time to time.

The Dealer Managers may from time to time hold Debentures, shares of Common Stock and other securities of Williams in their proprietary accounts, and, to the extent they own Debentures in these accounts at the time of the Offer, the Dealer Managers may surrender such Debentures for conversion pursuant to the Offer. During the course of the Offer, the Dealer Managers may trade shares of Common Stock or effect transactions in other securities of Williams for their own accounts or for the accounts of their customers. As a result, the Dealer Managers may hold a long or short position in the Common Stock or other securities of Williams.

INFORMATION AGENT

D.F. King & Co., Inc. has been appointed as the Information Agent for the Offer. Williams has agreed to pay the Information Agent reasonable and customary fees for its services and will reimburse the Information Agent for its reasonable out-of-pocket expenses. All requests for assistance in connection with the Offer or for additional copies of this Conversion Offer Prospectus or related materials should be directed to the Information Agent at 48 Wall Street, #42, New York, New York 10005, telephone number (212) 269-5550 (collect) or (800) 848-2998 (toll free).

CONVERSION AGENT

JPMorgan Chase Bank, National Association, has been appointed Conversion Agent for the Offer. Williams has agreed to pay the Conversion Agent reasonable and customary fees for its services and will reimburse the Conversion Agent for its reasonable out-of-pocket expenses. All completed Letters of Transmittal should be directed to the Conversion Agent at the address set forth on the back cover of this Conversion Offer Prospectus. JPMorgan Chase Bank, National Association, is the trustee under the indenture under which the Debentures were issued and has in the past and may in the future receive customary compensation for such services. JPMorgan Chase Bank, National Association, also provides trustee and commercial and investment banking services to Williams from time to time.

FEES AND EXPENSES

Williams will bear the fees and expenses relating to the Offer. Williams is making the principal solicitation by mail and overnight courier. However, where permitted by applicable law, additional solicitations may be made by facsimile, telephone, email or in person by the Dealer Managers and Information Agent, as well as by officers and regular employees of Williams and those of its affiliates. Williams will also pay the Conversion Agent and the Information Agent reasonable and customary fees for their services and will reimburse them for their reasonable out-of-pocket expenses. Williams will indemnify each of the Conversion Agent, the Dealer Managers and the Information Agent against certain liabilities and expenses in connection with the Offer, including liabilities under the federal securities laws.

LEGAL MATTERS

The validity of the Common Stock offered hereby and certain tax matters will be passed upon by Gibson, Dunn & Crutcher LLP. Davis Polk & Wardwell will pass upon certain legal matters in connection with the Offer for the Dealer Managers.

Table of Contents

EXPERTS

The consolidated financial statements of Williams as of December 31, 2004 and 2003, and for each of the three years in the period ended December 31, 2004 (including the schedule appearing therein), and Williams management s assessment of the effectiveness of internal control over financial reporting as of December 31, 2004, appearing in its Annual Report on Form 10-K for the year ended December 31, 2004, as amended, have been audited by Ernst & Young LLP, independent registered public accounting firm, as stated in their reports thereon and incorporated by reference herein. Such consolidated financial statements and management s assessment are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

Approximately 99% of Williams year-end 2004 U.S. proved reserves estimates included in its Annual Report, which is incorporated by reference into this Conversion Offer Prospectus, were either audited by Netherland, Sewell & Associates, Inc., or, in the case of reserves estimates related to properties underlying the Williams Coal Seam Gas Royalty Trust, were prepared by Miller and Lents, LTD.

MISCELLANEOUS

Williams is not aware of any jurisdiction in which the making of the Offer is not in compliance with applicable law. If Williams becomes aware of any jurisdiction in which the making of the Offer would not be in compliance with applicable law, Williams will make a good faith effort to comply with any such law. If, after such good faith effort, Williams cannot comply with any such law, the Offer will not be made to (nor will surrenders of Debentures for conversion in connection with the Offer be accepted from or on behalf of) the owners of Debentures subject to any such law with respect to the Offer.

Pursuant to Rule 13e-4 of the General Rules and Regulations under the Exchange Act, Williams has filed with the Commission an Issuer Tender Offer Statement on Schedule TO which contains additional information with respect to the Offer. Such Schedule TO, including the exhibits and any amendments thereto, may be examined, and copies may be obtained, at the same places and in the same manner as is set forth under the caption Available Information.

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in this Conversion Offer Prospectus and, if given or made, such information or representation may not be relied upon as having been authorized by Williams or the Dealer Managers.

Table of Contents

Completed Letters of Transmittal and any other documents required in connection with surrenders of Debentures for conversion should be directed to the Conversion Agent at the address set forth below.

The Conversion Agent for the Offer is:

JPMorgan Chase Bank, National Association

By Registered or Certified Mail:	*By Regular Mail & Overnight Courier:*	*In Person By Hand Only:*
JPMorgan Chase Bank Institutional Trust Services P.O. Box 2320 Dallas, Texas 75221-2320 Attention: Frank Ivins	JPMorgan Chase Bank Institutional Trust Services 2001 Bryan Street, 9th Floor Dallas, Texas 75201 Attention: Frank Ivins	JPMorgan Chase Bank Institutional Trust Services Window 4 New York Plaza, 1st Floor New York, New York 10004-2413

By Facsimile Transmission:	*Confirm Facsimile Transmission by Telephone:*
Attention: Frank Ivins (214) 468-6494	(214) 468-6464

Any requests for assistance in connection with the Offer or for additional copies of this Conversion Offer Prospectus or related materials may be directed to the Information Agent at the address or telephone numbers set forth below. A Holder may also contact such Holder s broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Offer.

The Information Agent for the Offer is:

D.F. King Co., Inc.
48 Wall Street, #42
New York, NY 10005
Banks and Brokers, Call Collect: (212) 269-5550
All Others Call Toll Free: (800) 848-2998

Any questions relating to the Offer may be directed to either of the Dealer Managers at the respective addresses and telephone numbers set forth below.

The Dealer Managers for the Offer are:

Lehman Brothers	**Merrill Lynch & Co.**
745 Seventh Avenue, 3rd Floor New York, New York 10019 Attention: Liability Management Group (212) 526-0111 (collect) (800) 443-0892 (toll free)	4 World Financial Center, 7th Floor New York, New York 10080 Attention: Liability Management Group (212) 449-4914 (collect) (800) 654-8637 (toll free)

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. ***Indemnification of Directors and Officers***

Williams, a Delaware corporation, is empowered by Section 145 of the General Corporation Law of the State of Delaware, subject to the procedures and limitations stated therein, to indemnify any person against expenses (including attorneys fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by them in connection with any threatened, pending, or completed action, suit, or proceeding in which such person is made party by reason of their being or having been a director, officer, employee, or agent of Williams. The statute provides that indemnification pursuant to its provisions is not exclusive of other rights of indemnification to which a person may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors, or otherwise. The

By-laws of Williams provide for indemnification by Williams of its directors and officers to the fullest extent permitted by the General Corporation Law of the State of Delaware. In addition, Williams has entered into indemnity agreements with its directors and certain officers providing for, among other things, the indemnification of and the advancing of expenses to such individuals to the fullest extent permitted by law, and to the extent insurance is maintained, for the continued coverage of such individuals.

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

Item 21. ***Exhibits and Financial Statement Schedules***

(a) *Exhibits*

See the Exhibit Index attached to this registration statement and incorporated herein by reference.

Item 22. ***Undertakings***

The undersigned registrant hereby undertakes:

1. To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

i. To include any prospectus required by section 10(a)(3) of the Securities Act of 1933.

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

iii. To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

2. That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities

Table of Contents

offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

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

4. To respond to requests for information that is incorporated by reference into the conversion offer 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.

5. To supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired or involved therein, that was not the subject of and included in the registration statement when it became effective.

6. That for the purposes of determining any liability under the Securities Act, each filing of the registrant s annual report pursuant to Section 13(a) or 15(d) of the Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan s annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions referred to in Item 20 hereof, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this Amendment No. 1 to the registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Tulsa, state of Oklahoma on December 29, 2005.

THE WILLIAMS COMPANIES, INC.
By: /s/ Brian K. Shore

Name: Brian K. Shore
Title: Secretary

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 1 to the registration statement has been signed below by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
*	President, Chief Executive Officer and Chairman of the Board of Directors (Principal Executive Officer)	December 29, 2005
Steven J. Malcolm		
*	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	December 29, 2005
Donald R. Chappel		
*	Controller (Principal Accounting Officer)	December 29, 2005
Ted Timmermans		
*	Director	December 29, 2005
Irl Engelhardt		
*	Director	December 29, 2005
William R. Granberry		
*	Director	December 29, 2005
William E. Green		
*	Director	December 29, 2005
Juanita H. Hinshaw		
*	Director	December 29, 2005
W.R. Howell		

*	Director	December 29, 2005
Charles M. Lillis		
*	Director	December 29, 2005
George A. Lorch		

Table of Contents

Signature	Title	Date
*	Director	December 29, 2005
William G. Lowrie		
*	Director	December 29, 2005
Frank T. MacInnis		
*	Director	December 29, 2005
Janice D. Stoney		
*	Director	December 29, 2005
Joseph H. Williams		

*By: /s/ Brian K. Shore

Name: Brian K. Shore
As Attorney-In-Fact

Table of Contents

Exhibits

Exhibit No.	Description
1.1	Form of Dealer Manager Agreement (originally filed November 17, 2005)
4.1	Restated Certificate of Incorporation of The Williams Companies, Inc., as supplemented (incorporated herein by reference to Exhibit 3.1 of registrant s annual report on Form 10-K for the fiscal year ended December 31, 2004)
4.2	Certificate of Designation of Series A Junior Participating Preferred Stock (included in Exhibit 4.1 to this registration statement)
4.3	Restated By-laws (incorporated herein by reference to Exhibit 3.1 of registrant s current report on Form 8-K filed September 21, 2004)
4.4	Amended and Restated Rights Agreement between The Williams Companies, Inc. and First Chicago Trust Company of New York (incorporated herein by reference to Exhibit 4.1 of registrant s current report on Form 8-K filed September 21, 2004)
5.1	Opinion of Gibson, Dunn & Crutcher (originally filed November 17, 2005)
8.1*	Tax Opinion of Gibson, Dunn & Crutcher
12.1	Statement of Computation of Ratio of Earnings to Fixed Charges (originally filed November 17, 2005)
23.1*	Consent of Ernst & Young LLP, independent auditors
23.2	Consent of Gibson, Dunn & Crutcher (included in Exhibit 5.1 to this registration statement) (originally filed November 17, 2005)
23.3*	Consent of Gibson, Dunn & Crutcher re: tax matters (included in Exhibit 8.1 to this registration statement)
23.4	Consent of Independent Petroleum Engineers and Geologists, Netherland, Sewell & Associates, Inc. (originally filed November 17, 2005)
23.5	Consent of Independent Petroleum Engineers and Geologists, Miller and Lents, LTD (originally filed November 17, 2005)
24.1	Power of Attorney (originally filed November 17, 2005)
99.1*	Amendment No. 1 to the Form of Letter of Transmittal

* Filed herewith