

WILLIAMS COMPANIES INC

Form 424B3

January 11, 2006

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Filed Pursuant to 424(b)(3)
Registration Statement No. 333-129779

CONVERSION OFFER PROSPECTUS

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

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

The Williams Companies, Inc. (Williams) hereby offers to pay a cash premium to holders (Holders) of any and all of its \$299,987,000 principal amount outstanding 5.50% Junior Subordinated Convertible Debentures due 2033 (the Debentures) who elect to convert their Debentures to shares of Williams common stock, \$1.00 par value per share (Common Stock), in accordance with the terms of the Debentures and upon the terms and subject to the conditions set forth in this Conversion Offer Prospectus (this Conversion Offer Prospectus), and in the accompanying Letter of Transmittal (the Letter of Transmittal and together with this Conversion Offer Prospectus, the Offer). The Debentures are not listed on any national securities exchange but are eligible for trading on the PORTAL Market. The Common Stock is traded on the New York Stock Exchange under the symbol WMB. The last reported sale price of the Common Stock on December 28, 2005 was \$23.25 per share.

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

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

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

Neither this transaction nor the securities to be issued upon conversion of the Debentures have been approved or disapproved by the Securities and Exchange Commission or any state securities commission. Neither the Securities and Exchange Commission nor any state securities commission has passed upon the

fairness or merits of this transaction or upon the accuracy or adequacy of the information contained in this document. Any representation to the contrary is a criminal offense.

The Dealer Managers for the Offer are:

Lehman Brothers

Merrill Lynch & Co.

The Date of this Conversion Offer Prospectus is January 11, 2006

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AVAILABLE INFORMATION

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

INCORPORATION BY REFERENCE

The following documents including all exhibits thereto are incorporated by reference into this Conversion Offer Prospectus, which means that important information is disclosed by referring to those documents. The information incorporated by reference is considered to be part of this Conversion Offer Prospectus, and later information that Williams files with the SEC will automatically update and supersede this information. Williams' Annual Report on Form 10-K for the fiscal year ended December 31, 2004, as amended, Williams' quarterly reports on Form 10-Q for the fiscal quarters ended March 31, 2005, June 30, 2005 and September 30, 2005, as amended, Williams' current reports on Form 8-K filed November 17, 2005, November 18, 2005, December 19, 2005, and December 20, 2005 (two filed on this date) and any future filings made by Williams with the SEC under Section 13(a), 13(c), 14, or 15(d) of the Exchange Act (excluding those filings made under Items 2.02 or 7.01 of Form 8-K) until the offering is completed are hereby incorporated by reference.

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

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

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

IMPORTANT

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

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

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

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

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

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

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

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

to waive any and all conditions to the Offer;

to extend the Offer;

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

otherwise to amend the Offer in any respect.

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

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

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

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

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

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

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

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

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

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

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

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

amounts and nature of future capital expenditures;

expansion and growth of Williams business and operations;

business strategy;

estimates of proved gas and oil reserves;

reserve potential;

development drilling potential;

cash flow from operations; and

power and gas prices and demand.

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

These risks and uncertainties include:

general economic and market conditions;

changes in laws or regulations;

continued availability of capital and financing; and

other factors, most of which are beyond Williams control.

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

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SUMMARY

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

The Company

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

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

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

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

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

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

Purpose of the Offer

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

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

Statement of Operations

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

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

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

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

Ratio of Earnings to Fixed Charges

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

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

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

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The Offer

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

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

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RISK FACTORS

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

Risks Relating to the Offer

If you do not convert your Debentures, Debentures you retain may become less liquid as a result of the Offer.

To the extent that Debentures are surrendered for conversion and accepted in the Offer, the trading market for the Debentures that remain outstanding may become more limited. A bid for a debt security with a smaller outstanding principal amount available for trading (a smaller float) may be lower than a bid for a comparable debt security with greater float. Therefore, the market price for Debentures not converted pursuant to the Offer may be affected adversely as the Debentures converted pursuant to the Offer will reduce the float. The reduced float may also tend to make the trading price of the Debentures more volatile. Holders of unconverted Debentures may attempt to obtain quotations for the Debentures from their brokers; however, there can be no assurance that an active trading market will exist for the Debentures following the Offer. The extent of the public market for the Debentures following consummation of the Offer would depend upon the number of Holders remaining at such time, the interest in maintaining a market in the Debentures on the part of securities firms and other factors.

Upon consummation of the Offer, Holders who surrender Debentures for conversion pursuant to the Offer will lose their rights under the Debentures, including their rights to future interest and principal payments with respect to their Debentures and their rights as a creditor of Williams.

If you surrender Debentures pursuant to the Offer, you will be giving up your rights as a holder of Debentures including rights of payment of future principal and interest, and you will cease to be a creditor of Williams. Any shares of Common Stock that are issued upon conversion of the Debentures will be, by definition, junior to claims of the Williams creditors which, in turn, are effectively subordinate to the claims of the creditors of the Williams subsidiaries.

Although Williams has regularly paid dividends on the Common Stock, there is no assurance that dividends will be paid in the future, or that, if paid, dividends would be paid in the same amount or with the same frequency as in the past.

Williams paid quarterly cash dividends on its Common Stock of \$0.01 per share from the quarter ended September 30, 2002, to the quarter ended September 30, 2004, \$0.05 per share from the quarter ended December 31, 2004 to the quarter ended June 30, 2005, and \$0.075 in the quarter ended September 30, 2005. On November 17, 2005, the Board declared a dividend on the Common Stock of \$0.075 per share, which was paid on December 26, 2005 to shareholders of record on December 9, 2005. Because the Expiration Date follows the record date for the dividend, you will not be entitled to the dividend on the Common Stock even if you have validly surrendered and not validly withdrawn your Debentures prior to the record date. There can be no assurances, however, that Williams will continue to declare dividends on the Common Stock. Payment of dividends on the Common Stock will depend on the earnings and cash flows of Williams and its subsidiaries. Even if funds are available, before declaring any dividend, the Board will consider factors that ordinarily affect dividend policy, such as earnings, cash flow, estimates or future earnings and cash flow, business conditions, regulatory factors, Williams financial condition and other matters within the discretion of the Board. See Risks Relating to Williams Business. Williams cannot assure you that dividends will be paid in the future or, if paid, that the dividends will be in the same amount or with the same frequency as in the past.

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The value of the Common Stock may fluctuate.

Williams is offering to pay a cash premium to Holders that convert their outstanding Debentures into shares of Common Stock. The market price of the Common Stock may fluctuate widely in the future. If the market price of the Common Stock declines, the value of the shares of the Common Stock you receive upon conversion of your Debentures will decline. The trading value of the Common Stock could fluctuate depending upon any number of factors, including those specific to Williams and those that influence the trading prices of equity securities generally, many of which are beyond the Williams control. See Risks Related to Williams Business below.

Williams may redeem the Debentures, at its option, on or after June 1, 2010.

Williams may redeem all or a portion of the Debentures, at its option, on or after June 1, 2010 at 100% of the principal amount of Debentures being redeemed, plus accrued and unpaid interest, if any, if for at least 20 trading days within the preceding period of 30 consecutive trading days, including the last day in the 30-day period, the closing price of Williams common stock exceeds 130% of the conversion price. Williams must provide the Holders with at least 30, but no more than 60, days notice of its intention to redeem any Debentures. The market price of the Common Stock into which the Debentures are convertible may decline significantly between the Expiration Date and the time fixed for any redemption by Williams of Debentures.

Williams Board of Directors has not made a recommendation with regard to whether you should surrender your Debentures for conversion, and Williams has not obtained a third-party determination that the Offer is fair to Holders of the Debentures.

Williams Board of Directors has not made a recommendation with regard to whether you should surrender your Debentures for conversion pursuant to the Offer, and Williams has not obtained a third-party determination that the Offer is fair to Holders of the Debentures. Williams has not retained and does not intend to retain any unaffiliated representative to act solely on behalf of the Holders for purposes of negotiating the terms of this Offer or preparing a report concerning the fairness of this Offer.

Williams will withhold 30% of the Conversion Consideration payable to non-U.S. Holders.

Williams intends to withhold taxes equal to 30% of the Conversion Consideration payable to each non-U.S. Holder, as defined below, and submit the withheld amount to the Internal Revenue Service unless such Holder provides Williams with the applicable forms to demonstrate exemption from or entitlement to a reduced withholding tax rate. See Material United States Federal Income Tax Consequences Non-U.S. Holders Conversion Pursuant to the Offer.

Risks Related to Williams Business

Williams risk measurement and hedging activities might not prevent losses.

Although Williams has risk measurement systems in place that use various methodologies to quantify risk, these systems might not always be followed or might not always work as planned. Further, such risk measurement systems do not in themselves manage risk, and adverse changes in energy commodity market prices, volatility, adverse correlation of commodity prices, the liquidity of markets and changes in interest rates might still adversely affect Williams earnings and cash flows and its balance sheet under applicable accounting rules, even if risks have been identified.

In an effort to manage its financial exposure related to commodity price and market fluctuation and advancement of Expenses. The rights to indemnification and advancement of expenses conferred by this Article VI shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors, administrators and other personal and legal representatives of such a person.

9. Indemnification of Officers, Employees and Agents. The corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to officers, employees and agents of the corporation similar to those conferred in this Article VI to directors and executive officers of the corporation.

10. Effect of Amendment or Repeal. Neither any amendment or repeal of any section of this Article VI, nor the adoption of any provision of the certificate of incorporation or the By-laws inconsistent with this Article VI, shall

adversely affect any right or protection of any director, executive officer, officer, employee or agent established pursuant to this Article VI existing at the time of such amendment, repeal or adoption of an inconsistent provision, including without limitation by eliminating or reducing the effect of this Article VI, for or in respect of any act, omission or other matter occurring, or any action or proceeding accruing or arising (or that, but for this Article VI, would accrue or arise), prior to such amendment, repeal or adoption of an inconsistent provision.

11. Saving Clause. If this Article VI or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the corporation shall nevertheless indemnify each director, executive officer, officer, employee or agent to the full extent not prohibited by any applicable portion of this Article VI that shall not have been invalidated, or by any other applicable law. If this Article VI shall be invalid due to the application of the indemnification provisions of another jurisdiction, then the corporation shall indemnify each director and executive officer to the full extent under any other applicable law.

ARTICLE VII

REIMBURSEMENT OR DISALLOWED DEDUCTIONS

Payments made to a corporate officer or Director (such as salary, commissions, bonus, interest, rent or expenses) which shall be disallowed by the Internal Revenue Service, in whole or in part, as a deductible expense for the purpose of corporate tax reporting, shall be reimbursed by such officer to the Corporation to the full extent of such disallowance. The Board of Directors shall take all necessary steps to enforce this repayment. In lieu of repayment by the officer or Directors, the Board of Directors, at its option, may withhold appropriate amounts from the officer's or Director's future compensation until payment has been recovered, provided the amount withheld is sufficient to extinguish the indebtedness within five years.

ARTICLE VIII

STOCK

1. Form. The shares of capital stock of the Corporation may be represented by certificates or be uncertificated. Every holder of stock in the Corporation shall be entitled to receive, if he, she or it so requests, a certificate or certificates representing his, her or its shares of capital stock of the Corporation in such form as may be prescribed by the Board of Directors. Certificates representing shares of stock in the corporate name shall be in such form as determined by the Board of Directors. All certificates shall be signed by the President or Vice-President, and by the Secretary or Treasurer. All certificates for such shares shall be consecutively numbered, and the name and address of the person to whom the shares represented thereby are issued together with the number of shares and date of issue, shall be entered on the stock transfer books of the Corporation.

Notwithstanding anything to the contrary in these By-laws, at all times that the Corporation's stock is listed on a stock exchange, such shares shall comply with all direct registration system eligibility requirements established by such exchange, including any requirement that shares of the Corporation's stock be eligible for issue in book-entry form. All issuances and transfers of shares of the Corporation's stock shall be entered on the books of the Corporation with all information necessary to comply with such direct registration system eligibility requirements, including the name and address of the person to whom the shares are issued, the number of shares issued and the date of issue. The Board of Directors shall have the power and authority to make such rules and regulations as it may deem necessary or proper concerning the issue, transfer and registration of shares of stock of the Corporation in both the certificated and uncertificated form.

2. Transfer Agents, Registrars. Where a certificate is countersigned (1) by a transfer agent other than the Corporation or its employees, or, (2) by a registrar other than the Corporation or its employees, any other signature on the certificate may be facsimile. In case an officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

3. Lost certificates. Each person claiming a certificate of stock to be lost or destroyed shall make an affidavit or affirmation of the fact and shall give the Corporation a bond in such sum as the Board of Directors may require to indemnify the Corporation against any claim that may be made against it on account of the alleged loss of the certificate. The Board of Directors may accept the affiant's personal bond if it should appear that he or she possesses unencumbered property of sufficient value to assure indemnification. A new certificate, or such shares in uncertificated form, of the same tenor and for the same number of shares as the one alleged to be lost or destroyed shall then be issued.

4. Transfer of stock. Stock of the Corporation shall be transferable in the manner prescribed by law and in these By-laws. Except as otherwise established by rules and regulations adopted by the Board of Directors, and subject to applicable law, shares of stock may be transferred on the books of the Corporation, if such shares are certificated, upon surrender to the Corporation's transfer agent or registrar of the Corporation's share certificates, duly endorsed or accompanied by a written assignment or power of attorney properly executed, or upon proper instructions from the holder of uncertificated shares, in each case with such proof of authority or the authenticity of signature as the Corporation or its transfer agent may reasonably require.

5. Holder. The Corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have the express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE IX

GENERAL PROVISIONS

1. Dividends. Subject to the provisions of the Certificate of Incorporation, the Board of Directors may declare dividends upon the corporate capital stock, at a regular or special meeting, pursuant to law. Subject to the provisions of the Certificate of Incorporation, dividends may be paid in cash, in property or in shares of capital stock.

2. Reserve for contingencies. Before payment of a dividend, the Board of Directors may set aside out of corporate funds available for dividends, such sum or sums as the Directors may, from time to time and in their discretion, deem proper, as a reserve fund to meet contingencies or for repairing or maintaining the corporate property, or for such other purposes as the Directors shall deem to be in the Corporation's best interest. The Directors may modify or abolish such reserve in the manner in which it was created.

3. Checks. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors, from time to time, designates.

4. Corporate seal. The Board of Directors shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Corporation and the State of Incorporation and "Corporate Seal."

5. Fiscal year. The Corporation's fiscal year shall end on the last day of December each year.

ARTICLE X

AMENDMENTS

Subject to the provisions of Article II hereof, the By-laws of the Corporation, regardless of whether adopted by the stockholders or by the Board of Directors, may be altered, amended or repealed by the Board of Directors or by the stockholders. Such action at a meeting of the Board of Directors shall be taken by the affirmative vote of a majority of the members of the Board of Directors in office at the time; and such action by the stockholders shall be taken by the affirmative vote of the holders of sixty-six and two-thirds percent (66-2/3%) of the shares of capital stock of the Corporation entitled to vote thereon.

These By-laws are subject to any requirements of law, any provisions of the Certificate of Incorporation, as from time to time amended, and any terms of any series of preferred stock or any other securities of the Corporation.

FOR IMMEDIATE

RELEASE

Website: <http://www.arthrt.com>

345-5000

May 7, 2009

Contact: David A. Garrison

(978)

ARRHYTHMIA RESEARCH TECHNOLOGY, INC.
ANNOUNCES RESULTS FOR FIRST QUARTER 2009

Fitchburg, MA

Arrhythmia Research Technology, Inc. (the "Company") (AMEX: HRT) and its wholly owned subsidiary Micron Products, Inc. ("Micron") reported total revenue of \$4,683,000 and net income \$82,000 for the quarter ended March 31, 2009 compared to total revenue of \$5,460,000 and net income of \$149,000 for the same quarter of 2008. Net income per share for the three months ended March 31, 2009 decreased to \$ 0.03 per share from \$ 0.06 per share for the same period in 2008.

James E. Rouse, the Company's President and CEO commented, "The decline in revenue from the same period in 2008 was primarily the result of the elimination of an unprofitable product in our MIT division and continuing price erosion in Micron's sensor sales. Although we were disappointed that our sensor revenue declined over the same period in 2008, we are encouraged by several developments. Sensor volume sales increased by 20% in the first quarter as compared to the same period in 2008. In addition, during the first quarter we were successful in securing a new long term supply agreement with one of our largest sensor customers. Although in its early stages, we are beginning to see the positive effects of the company-wide lean manufacturing training as well as results from our cost reduction teams developed as part of our continuing focus on improving gross margins on our existing product lines. As part of that process, we are also implementing technological and process improvements which are expected to be completed over the next six to nine months. We are cautiously optimistic that our continuing efforts to streamline manufacturing processes and concentrate on products, services and programs that meet our contribution and strategic goal will produce improved results. In addition, our very strong balance sheet positions us to not only weather the current economic climate but also to capitalize on future growth opportunities."

The Company through its wholly owned subsidiary Micron Products, Inc. manufactures silver plated and non-silver plated conductive resin sensors and distributes metal snaps used in the manufacture of disposable ECG, EEG, EMS and TENS electrodes. Micron's MIT division provides end- to- end product life cycle management through a comprehensive portfolio of value-added services such as design, engineering, prototyping, manufacturing, machining, assembly and packaging. MIT manufactures custom injection molded products for medical, electronic, industrial and consumer applications, and provides high end mold design, manufacturing and precision machining for various industries. The Company's products also include proprietary signal-averaging electrocardiography (SAECG) software used in the detection of potentially lethal heart arrhythmias.

For more information please check our websites:

<http://www.arthrt.com>

<http://www.micronproducts.com>

[http:](http://www.micronproducts.com)

Forward-looking statements made herein are based on current expectations of the Company that involve a number of risks and uncertainties and should not be considered as guarantees of future performance. The factors that could cause actual results to differ materially include: interruptions or cancellation of existing contracts, impact of competitive products and pricing, product demand and market acceptance, risks, the presence of competitors with greater financial resources than the Company, product development and commercialization risks, changing economic conditions in developing countries, and an inability to arrange additional debt or equity financing. More information about factors

that potentially could affect the Company's financial results is included in the Company's filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the year ended December 31, 2008.
