

Williams Controls, Inc.

News Release

For Immediate Release

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WILLIAMS CONTROLS ANNOUNCES RECORD SALES AND PROFITS FOR FISCAL YEAR 2006

PORTLAND, OR....December 12, 2006.... Williams Controls, Inc. (the "Company") (WMCO) today announced results for its 2006 fourth quarter and full year ended September 30, 2006.

Net sales for the quarter were \$19,808,000, up 13.3% from the \$17,488,000 reported in the fourth quarter of 2005. Net sales for the year ended September 30, 2006 increased \$7,218,000, or 10.7%, to \$74,634,000 from \$67,416,000 for the comparable period in fiscal 2005. Net income in the fourth quarter of fiscal 2006 was \$2,815,000, or \$0.37 per diluted share, compared to net income of \$2,396,000, or \$0.30 per diluted share, for the corresponding quarter in 2005. For the year ended September 30, 2006, net income was \$9,549,000, or \$1.25 per diluted share, compared to net income of \$7,495,000, or \$0.94 per diluted share, for the year ended September 30, 2005.

The primary factor contributing to the increased sales for both the fourth quarter and year ended September 30, 2006 was higher unit sales volumes of electronic throttle controls in North America, Asia and Europe. Sales in Asia increased 78% over the prior year, with increases in North America and Europe of 9% and 8%, respectively, over the prior year.

Gross profits in both the fourth quarter and for the full year were higher in fiscal 2006 than fiscal 2005. The improvement was driven primarily by the higher sales volumes; however, lower costs from Williams Controls' re-sourcing and sensor initiatives also contributed to the higher margins. Offsetting some of these positives were higher prices for zinc and aluminum.

For the fourth quarter of fiscal 2006, gross profits were \$7,203,000, a 20.3% increase from \$5,986,000 in the fourth quarter of fiscal 2005. Gross profits for the year ended September 30, 2006 improved to \$26,446,000, a 14.9% increase from gross profits in fiscal 2005 of \$23,013,000.

Operating expenses increased \$726,000 for the fourth quarter over the prior year and increased \$1,348,000 for the year ended September 30, 2006 from the same period last year. Included in operating expenses for both the quarter and year ended September 30, 2006 were one-time expenses associated with the realignment of operations announced in March 2006, specifically \$149,000 for the fourth quarter and \$502,000 for the year related to employee termination benefits and other costs. In addition, beginning with fiscal 2006, operating expenses includes the effect of implementing SFAS No. 123R to account for stock option plans. This change increased operating expenses \$93,000 in the fourth quarter of fiscal 2006 and \$381,000 for fiscal 2006. The Company's previously announced growth initiatives also contributed to increased operating expenses for both the fourth quarter and year ended September 30, 2006. In the fourth quarter of fiscal 2006 NASDAQ approved listing of the Company's stock on the NASDAQ Global Market and trading transferred from the OTC Bulletin Board to the NASDAQ Global Market on October 9, 2006. The one-time application fee of \$100,000 is included in the fourth quarter 2006 operating expenses.

Interest expense increased during the fourth quarter as compared to the prior year quarter and decreased by \$45,000 for the year ended September 30, 2006, primarily due to reductions in debt levels offset by higher interest rates. During fiscal 2006, the Company reduced its debt by \$5,089,000.

“Strong sales in Asia, increased penetration of the off-road market, and a record year in NAFTA Heavy truck sales combined to deliver our best year in Williams’ history,” said Patrick W. Cavanagh, Williams Controls’ President and Chief Executive Officer. “During the last year

we have positioned the Company to take advantage of growing international and off-road opportunities, while investing in our strategic competitiveness. Based on our success in China, we will double the production of pedals and sensors in our Suzhou plant during fiscal 2007.”

Williams will hold an investor conference call at 4:15 Eastern Time on Tuesday, December 12, 2006 to provide an overview of the fourth quarter and fiscal 2006 financial performance and business highlights. You are invited to listen to the conference call by dialing 1-888-665-2348 (domestic) or 1-706-643-4013 (international). Participants should call prior to the start time to allow for registration. The conference access code is 2929044. An audio replay will be available by telephone through December 31, 2006. The telephone number to access the replay is 1-800-642-1687 (domestic) and 1-706-645-9291 (international). The access code will be 2929044.

ABOUT WILLIAMS CONTROLS

Williams Controls is a leading global designer and manufacturer of Electronic Throttle Control Systems (ETCs) for the heavy truck, bus and off-road markets. Williams Controls is headquartered in Portland, Oregon and employs more than 200 people worldwide at locations in North America, Europe and Asia. For more information, visit Williams Controls at www.wmco.com.

The statements included in this news release concerning predictions of economic performance and management’s plans and objectives constitute forward-looking statements made pursuant to the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1934, as amended. These forward looking statements are based on management’s assumptions and projections, and are sometimes identifiable by use of the words, “expect to,” “plan,” “will,” “believe” and words of similar predictive nature. Because management’s assumptions and projections are based on anticipation of future events, you should not place undue emphasis on forward-looking statements. You

should anticipate that our actual performance may vary from these projections, and variations may be material and adverse. You should not rely on forward-looking statements in evaluating an investment or prospective investment in our stock, and when reading these statements you should consider the uncertainties and risks that could cause actual results to differ materially from the forward-looking statements. Factors which could cause or contribute to such differences include, but are not limited to, factors detailed in the Securities and Exchange Commission filings of the Company; economic downturns affecting the operations of the Company or any of its business operations, competition, and the ability of the Company to successfully identify and implement any strategic alternatives. The forward-looking statements contained in this press release speak only as of the date hereof and the Company disclaims any intent or obligation to update these forward-looking statements.

Williams Controls, Inc.
Unaudited Condensed Consolidated Statements of Operations
(Dollars in thousands, except share and per share amounts)

	Three month period ended 9/30/06	Three month period ended 9/30/05	Year ended 9/30/06	Year ended 9/30/05
Net sales	\$ 19,808	\$ 17,488	\$ 74,634	\$ 67,416
Cost of sales	12,605	11,502	48,188	44,403
Gross profit	7,203	5,986	26,446	23,013
Research and development expense	851	788	3,412	3,233
Selling expense	565	368	2,065	1,342
Administration expense	1,616	1,299	5,640	5,696
Realignment of operations	149	-	502	-
Operating income	4,022	3,531	14,827	12,742
Interest income	(17)	(26)	(70)	(59)
Interest expense	458	325	1,414	1,459
Other income, net	(457)	(86)	(765)	(109)
Gain on put/call option agreement	-	-	(10)	(323)
Income before income taxes	4,038	3,318	14,258	11,774
Income tax expense	1,223	922	4,709	4,279
Net income	\$ 2,815	\$ 2,396	\$ 9,549	\$ 7,495
Earnings per share information:				
Basic –				
Net income per common share	\$ 0.38	\$ 0.31	\$ 1.29	\$ 0.96
Weighted average shares used in per share calculation – basic	7,432,844	7,789,001	7,427,141	7,776,583
Diluted –				
Net income per common share	\$ 0.37	\$ 0.30	\$ 1.25	\$ 0.94
Weighted average shares used in per share calculation – diluted	7,658,539	7,973,166	7,628,105	7,960,190

Williams Controls, Inc.
Unaudited Condensed Consolidated Balance Sheets
(Dollars in thousands)

	September 30, 2006	September 30, 2005
Assets		
Current Assets:		
Cash and cash equivalents	\$ 2,530	\$ 5,052
Trade accounts receivable, net	9,368	8,896
Other accounts receivable	1,231	579
Inventories	9,918	4,433
Deferred income taxes	657	870
Prepaid expenses and other current assets	333	308
Total current assets	24,037	20,138
Property, plant and equipment, net	8,457	7,455
Deferred income taxes	2,228	4,518
Other assets, net	1,027	1,394
Total assets	\$ 35,749	\$ 33,505
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	\$ 6,504	\$ 5,449
Accrued expenses	5,528	5,225
Current portion of employee benefit obligations	1,669	1,439
Current portion of long-term debt and capital lease obligations	3,426	5,503
Total current liabilities	17,127	17,616
Long-term Liabilities:		
Long-term debt and capital lease obligations	5,114	8,126
Employee benefit obligations	4,991	6,934
Other long-term liabilities	255	248
Stockholders' Equity:		
Preferred stock (Series C)	-	-
Common stock	74	78
Additional paid-in capital	34,014	36,482
Accumulated deficit	(20,414)	(29,963)
Treasury stock	(377)	(377)
Accumulated other comprehensive loss	(5,035)	(5,639)
Total stockholders' equity	8,262	581
Total liabilities and stockholders' equity	\$ 35,749	\$ 33,505