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From: Morris, Ben [Benjamin.Morris@Williams.com]
Sent: Friday, October 28, 2005 9:35 AM
To: Director - FASB
Subject: File reference 1204-001

Letter of Comment No: 82
File Reference: 1204-001

THE WILLIAMS COMPANIES

Tulsa, Oklahoma

October 28, 2005

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856

File Reference 1204-001

are pleased to comment on the Financial Accounting Standards Board's Exposure Draft on the Proposed Statemen on Business Combinations, a replacement of FASB Statement No. 141 (the Proposal). We have certain concerns witl the Proposal and offer the following comments.

We believe the date for valuing a business combination should be when the parties reach agreement on the terms of th acquisition, as this date is most indicative of the fair value exchange agreed to between the parties.

We believe acquisition related costs are part of the buyer's total purchase price of the acquiree, and should be includec as consideration for the acquisition. The cost of an acquisition includes not only the fair value of the acquiree, but alsc the direct costs of acquisition. These costs are common in an acquisition process and should be included a: consideration in a business combination, consistent with determining the acquisition cost of an individual asset.

We are concerned about applying a fair value measurement to contingent liabilities assumed in a business combination. We believe continuing with current practice utilizing FASB Statement No. 5 criteria is the best approach for recordin contingent liabilities in a business combination. Recording these contingencies at fair value, both at the acquisition dat and in periods subsequent to the acquisition date, may result in unreliable estimates of the ultimate settlement amoun and recording liabilities that may not be incurred.

Regarding step acquisitions, we do not believe remeasurement at fair value of the investment in the acquiree prior tc control being obtained with recognition of gains and losses by the acquirer is appropriate. We do not believe obtainin control results in realization to warrant combining all individual transactions.

We believe adjusting prior periods presented in financial statements for adjustments made during the measuremen period is not appropriate. Use of estimates are inherent in initially valuing a business combination and additiona information is usually obtained during the measurement period. To require restatement seems impractical and woulc also be confusing to investors. Therefore, we believe adjustments made within one year of the closing date should b accounted for prospectively.

We appreciate the opportunity to comment on the Proposal and would be pleased to discuss our views with the FASB or their staff.

Sincerely,

Ted Timmermans
The Williams Companies
Vice President Controller and
Chief Accounting Officer