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Technical Director
Financial Accounting Standards Board
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RE: Discussion Paper – Effective Dates and Transition Methods

Williams Companies, Inc. ("Williams") appreciates the opportunity to provide our comments to the Financial Accounting Standards Board ("FASB") on the Discussion Paper ("DP") for Effective Dates and Transition Methods. Our comments are primarily presented as responses to the issues addressed in the Discussion Paper.

Background Information about Williams

Williams (NYSE: WMB) is a publicly traded integrated natural gas company focused on exploration and production, midstream gathering and processing, and interstate natural gas transportation primarily in the Rocky Mountains, Gulf Coast, Pacific Northwest, Eastern Seaboard and the Marcellus Shale in Pennsylvania. Williams has four subsidiaries that also file financial statements with the U.S. Securities and Exchange Commission ("SEC"). We employ approximately 4,800 people.

Williams anticipates the individual projects incorporated in the DP will have a considerable impact on our financial statements and disclosures. We hold many different types of financial instruments and in an effort to manage our financial exposure related to commodity price fluctuations, we commonly enter into derivative instruments to hedge certain risks associated with our operations. We also are a lessee under a significant number of arrangements that contain varying provisions and a large number of our revenue contracts contain terms that would require evaluation under the proposed revenue recognition standard. As a financial statement preparer, we also anticipate the financial statement presentation project will greatly impact the financial statements we prepare.

Issue 1: Preparing for and Transitioning to the New Requirements

Each of the published Exposure Drafts ("ED") contemplated in this DP, including accounting for financial instruments, derivative instruments and hedging activities, comprehensive income, revenue recognition and leases as well as the anticipated ED on financial statement presentation are individually significant to Williams and we anticipate the proposals will require considerable time and resources to adopt. The proposed standards for lease accounting and revenue recognition each present complex accounting and system issues both at adoption and on an ongoing basis. In addition, the forthcoming financial statement presentation proposal is expected to
propose significant changes that will be challenging. Considered collectively, the magnitude of the time and resources required to adopt the proposed standards increases exponentially. The ED’s propose fundamental changes in accounting and significantly expand related disclosures. Given the complexity of the proposed standards, it will be critical to allow ample time for preparers to thoroughly evaluate the final standards, develop or modify appropriate systems and related controls as well as educate stakeholders including company management, Boards of Directors, Audit Committees, accounting professionals, auditors, investors and analysts about the required changes and the resulting financial statement impacts.

Primary costs Williams expects to incur in adopting the proposed standards include: costs to develop and modify systems to capture the required information for accounting and disclosure purposes, costs to establish and revise processes and related internal controls, costs for and efforts to obtain additional qualified personnel, time and resources to educate personnel, costs for external consultants and additional audit costs. While we do not have an estimated dollar figure to provide, due to the pervasive nature of the proposed standards, Williams could envision the effort required to implement the changes currently proposed in the ED’s potentially being comparable to implementing the Sarbanes Oxley Act requirements.

While the accounting effort and related costs incurred to adopt the proposed standards will be significant, the standards will also have implications that impact more than accounting and financial reporting. The significant financial statement changes resulting from adoption of the proposals will impact contractual compliance with debt covenants and other financial ratios. Debt agreements and other contractual arrangements will require assessment and revision to accommodate the proposed standards. The proposed standards may also affect the manner in which we operate, negotiate contracts and consider investment options. Additionally, the proposed standards will affect the manner in which senior management, Boards of Directors, industry analysts and the investor community evaluates financial results.

Although a certain level of time and costs will be required regardless of the transition method selected, the extent of the necessary resources will largely be impacted by the ultimate transition method required: retrospective application, prospective application or a modified alternative. Retrospective application will require significantly more time and resources to adopt compared to a prospective application transition.

While we understand the rationale of a retrospective application to all periods presented to facilitate year-on-year comparisons of results, Williams does not believe the proposed guidance for revenue recognition and leases should require a retrospective application. Retrospective application has numerous challenges and will be onerous to implement, including maintaining parallel systems to produce two sets of accounting data for three years. We believe the potential benefit of comparability from retrospective application does not sufficiently outweigh the significant time and costs that will be required to provide such information. Any perceived benefits of a retrospective transition seem to diminish after considering that, for Williams, net income presented in the historical and recast income statements will most likely be materially similar to amounts reported prior to adoption of the standards. Instead, we recommend a prospective method of transition for the proposed standards for revenue recognition and lease accounting with appropriate disclosure. We support the proposed transition for financial
instruments and comprehensive income. We await further transition guidance regarding
derivative instruments and hedging activities.

**Issue 2: Effective Dates for the New Requirements and Early Adoption**

The aggressive timeline proposed to complete these significantly complex convergence projects
between the FASB ("Board") and International Accounting Standards Board ("IASB") may not
provide sufficient time for the Board to thoroughly consider the proposed standards. Given the
significance and broad applicability the proposed standards will have on financial statements, we
encourage prudent consideration by the Board to ensure the final standards provide an
improvement over existing standards, have a well defined conceptual basis and the standards are
operational for preparers as well as understandable to users. Given the key conceptual issues and
application guidance that requires further consideration, the Board should contemplate allotting
additional time to perform sufficient due process and review which is critical to ensure the final
standards represent practicable and repeatable accounting and disclosure. We encourage the
Board to provide robust implementation guidance and application examples for each of the
proposed standards.

To the extent the proposed standard on financial instruments and hedging activities precludes use
of the short-cut method for assessing hedge effectiveness and measuring ineffectiveness on
existing designated hedges, we encourage the Board to provide detailed transition guidance
describing conversion to the long-haul method.

We encourage the Board to ensure the final standards represent a complete convergence of
guidance between the FASB and IASB. The Board should also carefully consider the SEC’s
decision process regarding whether to require issuers use International Financial Reporting
Standards ("IFRS") when determining the effective dates of the proposed standards. Ensuring
the standards truly represent convergence between the FASB and IASB and considering the
SEC’s timeline for possible IFRS adoption is important to prevent the possibility of requiring
companies to perform multiple adoptions and conversions related to the same standards over
multiple time periods.

Preparation for adoption of and transition to the proposed standards will be complex and require
investments in numerous resources regardless of whether a single date adoption approach or a
sequential adoption approach is chosen. To the extent aspects of the proposed standards
coincide, the effective dates should align. Specifically, the effective dates of the proposed
revenue recognition and lease accounting standards should coincide and the effective dates of the
proposed standards for financial instruments and other comprehensive income should be
concurrent. Given the substantial changes anticipated in the financial statement presentation
project, the Board should provide sufficient time for companies to implement the above
mentioned final standards prior to requiring conversion to a new financial statement presentation
standard.

If retrospective transition is required for revenue recognition and lease accounting, the Board
should allow, at a minimum, an entire year between the date the standards are issued and the
earliest financial statement period required to be presented. For example, assuming final standards are issued in 2011 and allowing at least one year for implementation, 2013 would be the first year required for presentation under the new standards resulting in an effective date of 2015. We also believe an effective date no earlier than 2016 is necessary for the financial statement presentation project given the pervasive changes being discussed. An effective date of 2014 for financial instruments, derivative instruments and hedging activities would be achievable as long as the transition method continues to be a cumulative effect adjustment to the statement of financial position that immediately precedes the effective date. Also, we believe a 2014 effective date for the proposed standard on other comprehensive income allows adequate time for adoption as the retrospective transition for comprehensive income is somewhat less onerous than retrospective application for certain other proposed standards.

The complex changes included in the proposed standards fundamentally alter financial statements. In an effort to preserve consistency among all companies, we do not recommend the Board allow early adoption of the proposed standards.

**Issue 3: International Convergence Considerations**

To preserve the goal of establishing a single set of uniform accounting standards and provide consistent financial statements, the FASB and IASB should require the same effective dates and transition methods for comparable standards. We again emphasize the importance of a complete conversion of the standards between the FASB and IASB.

We appreciate the opportunity to comment on this matter and voice our concerns. We would be happy to provide any additional information you may require or discuss our comments further.

Sincerely,

Ted Timmermans
Vice President, Controller and Chief Accounting Officer
Williams