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Technical Director
Financial Accounting Standards Board
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RE: Proposed Accounting Standards Update, Financial Instruments (Topic 825) Disclosures about Liquidity Risk and Interest Rate Risk

The Williams Companies, Inc. ("Williams") appreciates the opportunity to provide our comments to the Financial Accounting Standards Board ("FASB") on the Proposed Accounting Standards Update regarding disclosures about liquidity risk and interest rate risk. Williams is a public company which, through its subsidiaries, gathers, processes and transports natural gas. We do not have any businesses that would meet the proposed definition of a financial institution.

Overall, we appreciate the FASB's effort to distinguish application of this proposal between financial and nonfinancial entities and believe the available funds information is a useful addition given that companies currently may, or may not choose to provide this within their current liquidity discussion/disclosures since it is not specifically required otherwise. However, we question whether the proposed cash flow obligations table disclosures provide a level of incremental information materially benefitting the users of our financial statements. For public companies who are not financial institutions, this information should not be a significant enhancement to the financial condition and liquidity and tabular contractual obligations disclosures required in Management's Discussion and Analysis ("MD&A"). Presenting an expected cash flow obligations table is redundant and not cost/benefit efficient when considering the MD&A requirements in this area. We believe the disclosures, quantitative and qualitative, required in MD&A's analysis of financial condition and liquidity and the table of contractual obligations should sufficiently identify and inform readers of materially similar liquidity matters. Therefore, we believe a more suitable focus would be for public companies to embrace the opportunity to discuss financial condition and liquidity in MD&A, including the table of contractual obligations, rather than to require a second cash flow obligations table with different requirements.

Although the contractual obligations disclosure required by MD&A does not exactly match the proposed expected cash flow obligations table, the MD&A disclosures provide a clear indication of the cash flow requirements for the next year and periods thereafter. The financial condition and liquidity disclosures required in MD&A for both annual and interim financial statements
should be adequate to fully inform users of liquidity requirements arising during the upcoming period, potential liquidity risks and planned remediation of those risks. The proposed expected cash flow obligations table only depicts cash outflows and does not provide for a robust quantitative and qualitative disclosure discussion that is currently provided for in MD&A. If these new requirements are being proposed as a result of a lack of appropriate and relevant disclosures currently being provided to financial statement users, the Securities and Exchange Commission ("SEC") should further enforce the current requirements and encourage more robust disclosures as needed. We encourage the FASB to attempt to solve any perceived deficiency in relevant and useful disclosures by using the levers that are already in place instead of creating new, redundant disclosure requirements. We view this situation similar to the recently discontinued project on disclosure of certain loss contingencies where the FASB concluded in removing this project from their agenda that current disclosure requirements are appropriate, with the issue being a matter of enhanced compliance.

Furthermore, it appears the need to provide information about the risks inherent in financial instruments beyond the disclosures required in MD&A is in large part attributable to financial institutions and similar types of entities and not to significant concerns by users about entities who are not engaged in these types of activities. The asset and liability portfolios of financial institutions more clearly lend themselves to the relevancy of the additional proposed disclosures. While the overlap of the proposed disclosures and the SEC’s requirements has been considered by the FASB, we believe this point should not be easily dismissed and should be further considered by the FASB. However, if the FASB proceeds with a new standard instead of utilizing the MD&A requirements already in place, the following comments further express our concerns and questions regarding the proposal.

We believe presentation of cash flows for each of the next four quarters should not be critical if the MD&A financial condition and liquidity disclosure requirements are being properly met. For public companies, liquidity disclosures within MD&A should adequately inform users about any liquidity issues arising in the upcoming annual period or remaining period of the current year. Instead of a quarterly time interval for the upcoming twelve month period, we suggest an annual time interval in year-end financial statements and the remainder of the current year in interim financial statements, with forward looking discussion provided as appropriate. Additionally, requiring the expected cash flow table disclosure in interim financial statements is quite burdensome and will present challenges in meeting quarterly filing deadlines. If interim disclosures are required, we suggest disclosure of expected cash flows for the remainder of the current year as a whole and an annual time interval for the next year.

We believe presenting cash flow obligations based on expected maturities adds subjectivity to the disclosure and diminishes comparability between entities that are not financial institutions. As noted in paragraph BC12, this type of information may be meaningful for financial institutions given the significant differences in expected and contractual maturities of some loans and demand deposits, however, we question the cost/benefit of requiring this for non-financial institutions when the difference between expected and contractual maturity for most of their financial instruments is not likely to be meaningful in the context of long-term liquidity risk. Generally, many financial liabilities of non-financial institutions do not have prepayment terms, and for those significant instruments that do and where the prepayment option resides with the
holder, we suggest a narrative discussion of such terms in the proposed qualitative disclosures to the table instead of reflecting expected maturities in the table. Also, we believe it will be challenging to provide auditable information to our auditors regarding expected maturities given the subjectivity of such information. We encourage the FASB to require cash flows based on contractual maturities consistent with the contractual obligations table presented in MD&A.

The FASB should provide more explicit guidance as to the items to be included in the expected cash flow obligations table, including more robust examples of the types of financial liabilities and off-balance sheet obligations to be included in the table. We believe this would be helpful and promote comparability between entities. Also, we understand the SEC has observed divergent practices in what filers present in their contractual obligations table. To our point, in Example 6, what obligations is the FASB contemplating in the caption “other obligations”? Also, it is not clear to us why contributions to defined pension plans are included in the table as contributions are based on the funded status of the plans which can change from year to year. We believe the proposal should also discuss whether information about obligations of non-consolidated investees is to be included in the table and, if so, the nature of the information.

We believe reconciling the undiscounted expected cash flow obligations to amounts shown in the balance sheet is not consistent with the objective of the disclosure and would not provide additional useful information beyond current disclosure requirements. The stated purpose of the disclosure is to assess liquidity risk and presenting undiscounted cash flows is sufficient for this purpose. Also, for those financial liabilities recognized in the balance sheet where presenting additional details may provide useful information, exiting disclosures should be sufficient.

We would appreciate further clarity regarding the available liquid funds table. The proposal does not define high quality liquid assets and we believe further discussion should be provided. For example, would certain equity securities with readily determinable fair values be a high quality liquid asset? Also, at what level should available liquid funds be disaggregated? We note in Example 7 that government and public-sector debt securities are disaggregated. Is this required and are there further types of securities to be considered for disaggregation?

In establishing an effective date, we believe the FASB should consider that the disclosures as proposed are extensive, will require significant consideration to understand the requirements and entities will need to establish processes and procedures to capture and review the information required for disclosure. Also, the need to present cash flow obligations for each of the next four quarters, the fact that the liquidity risk disclosures must now be presented in interim financial statements and this information must now be audited is significant and will require adequate time to implement. If a final ASU is issued in 2012 or early 2013, we believe an appropriate period of adoption to be the beginning of 2014.
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
Controller and Chief Accounting Officer
The Williams Companies, Inc.