Williams

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Technical Director
Financial Accounting Standards Board
401 Merritt 7
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Electronic Address: director@fasb.org

RE: File Reference No. 2015-260, Proposed Accounting Standards Update, Business Combinations (Topic 805), Simplifying the Accounting for Measurement-Period Adjustments

The Williams Companies, Inc. (Williams) appreciates the opportunity to provide our comments to the Financial Accounting Standards Board (Board) on the Proposed Accounting Standards Update regarding simplifying the accounting for measurement-period adjustments pursuant to the accounting guidance for business combinations. Williams is a public company which, through its subsidiaries, gathers, processes and transports natural gas.

We support the proposed amendments to eliminate the guidance in ASC Topic 805 requiring an acquirer to retrospectively adjust provisional amounts recognized at the acquisition date during the measurement period, including revising comparative information for prior periods presented in the financial statements as needed. We agree the accounting for adjustments to provisional amounts recognized in a business combination would be simplified if the acquirer were to recognize during the measurement period such adjustments in the reporting period in which the adjustment amount is determined, including recognizing in current period earnings the cumulative effect of such changes. Having completed a major acquisition last year, we recognize that the process of developing and finalizing an accurate valuation of the assets acquired and liabilities assumed takes considerable time, coordination and management judgement, particularly with respect to forward looking assumptions from which to model future cash flows that serve to impact the valuation of intangible assets and reporting units. Add to this time line the review of our independent auditor and their valuation specialists, which adds further risk of revision to key underlying assumptions involving management judgement, such as components of the discount rate employed. During the course of this process, we experienced shifts of value between intangible assets and goodwill, which served to impact both the balance sheet categories and income statement (amortization expense). Our experience with this transaction and previous acquisitions would suggest it is unlikely that the accounting for a business combination can be finalized in the quarterly period when the acquisition occurs and that notwithstanding appropriate diligence regarding valuation assumptions as of the acquisition date, provisional amounts are likely to be revised during the measurement period. Thus our support for the proposed revisions.

We also agree with a transition method where the proposed Update would be applied prospectively for adjustments to provisional amounts that are identified after the effective date of the proposed Update during the measurement period. We believe an effective date immediately upon issuance of an Update is appropriate, as the effort required to adopt the proposed amendments would not be significant and the amendments are cost beneficial.

We appreciate the opportunity to comment on this matter voicing our support. 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
The Williams Companies, Inc.