

THE WILLIAMS COMPANIES, INC.

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William G. von Glahn
Associate General Counsel

November 18, 1988

Secretary
Federal Trade Commission
Room 136
Washington, DC 20580

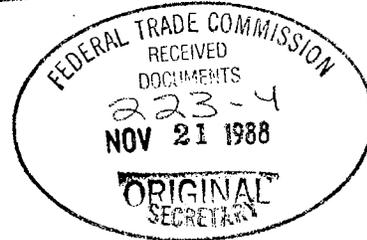
Assistant Attorney General
Anti Trust Division
Department of Justice
Room 3214
Washington, DC 20530

Gentlemen:

In response to the recent Notice of Proposed Amendments to Premerger Notification Rules relating to reporting and waiting period requirements, the following comments are submitted for your consideration on behalf of The Williams Companies, Inc., a Delaware corporation, (the "Company") whose common stock is listed on the New York Stock Exchange. The Company is somewhat familiar with the Hart-Scott-Rodino Act ("HSR") inasmuch as in the last five years it has made twelve filings with your agencies in capacities as both an acquiring and an acquired party. One of the Company's former affiliates recently provided information to you in connection with a Hart-Scott-Rodino filing made by an unrelated domestic entity. The Company is thus intimately familiar with HSR reporting requirements.

Williams opposes your proposals as currently formulated, but submits for your consideration an alternate set of proposals which we feel will better serve the purposes of the antitrust laws, while diminishing reporting requirements on domestic corporations which have chosen to invest in other enterprises on a confidential basis. Before outlining our suggested alternative, a few words about the justification for the proposed rulemaking are in order.

One of the grounds for the proposal seems to be that ordinarily investments in another enterprise of ten percent or less are not the occasion for antitrust concerns. Of course in a highly oligopolistic market, such as the automobile manufacturing business, any investment by one enterprise in a competitor should be of interest, if not concern, to you. It is our



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belief then that you should receive notice of all acquisitions at the current threshold levels but that such notifications could be much shorter than a full HSR filing. Moreover, it seems to us that investments in percent terms which are not going to increase significantly over the near term should be viewed, for antitrust purposes, differently from investments that are likely to increase over the near term. Our proposal takes these considerations into account.

Second, we feel that enterprises that have chosen to willfully ignore Hart-Scott-Rodino reporting requirements in the past in order to maintain a perceived tactical advantage in connection with secret takeover maneuvers should not be entitled to take advantage of the simplified notice provisions being proposed inasmuch as they imply a level of trust such scofflaws have already proven they are unworthy of. Rather it seems to us that such knowing law breakers should be disadvantaged in the future in respect of eligibility for taking advantage of a reduced Hart-Scott requirement.

With such thoughts in mind, our proposal is to provide a safe harbor exclusion from the filing requirements. Thus one could avoid its conditions by simply making an HSR filing. Of course, the solely for investment exemption would also remain available. We suggest that the safe harbor notification procedure be confidential and be available under conditions and limitations described below for investments up to a five percent interest in the acquiring company. We feel that aggregation of holdings by all persons acting together (hereinafter described as affiliates) is warranted to give a realistic view of any acquisition situation.

The first half of the alternative would relate to acquiring companies that do not intend to significantly increase their holdings in the acquired company within the foreseeable future. Eligible acquiring companies could simply file a one page notification indicating the amount of shares they had purchased in the acquired company. They would also in the filing agree not to acquire more than one percent more of the acquired company in any ensuing year without complying with the Act. Furthermore, they would agree that neither the acquiring company nor any company acting in concert with it, or any affiliate, would vote any shares of the acquired company or otherwise exert any control over the acquired company until an HSR filing has been made or the acquired company has disclosed its share interest in the acquired company. In no case could an acquiring company, however, acquire more than five percent of an acquired company (including purchases by affiliates) without completing a Hart-Scott-Rodino filing. This procedure would only be available if both the acquiring company and the acquired company were reporting companies under the federal securities laws.

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Ordinarily the antitrust agencies would not review transactions reported on the simplified notification form, but review would not be precluded.

The alternative simplified notification procedure would be available in situations in which reporting companies were not involved as acquired and acquiring companies, as well as situations in which acquiring companies want to be free to acquire more securities of the acquired company in the near future. Acquiring companies filing such notification forms would indicate what levels they intended to purchase and the period in which such purchases would be made. The maximum amount that could be purchased would be five percent without filing a Hart-Scott-Rodino filing. Since the second option involves more aggressive acquisition situations, as well as situations in which information is not readily available, acquiring companies would have to commit to put the shares in escrow until you had decided whether to review the situation which decision would be due within 20 days. The escrow arrangements would be substantially the same as those proposed in your Escrow Proposal.

In order to take advantage of either of the reduced notification requirements, the acquiring company and all affiliates and other parties acting in concert with it, would have to represent that they had not acquired more than five percent of the acquired company. They would also have to represent that they had complied, and would continue to comply, with all federal antitrust and securities laws and make all filings on a timely basis, including in particular, all Hart-Scott-Rodino filings, required under such laws.

We have chosen to set the limit for qualification of the rule at five percent because the provisions of Section 13d of the Securities Exchange Act of 1934 pick up acquisitions by a person or group at that level. We see no reason for drawing a distinction between acquired companies that are reporting companies and those that are not in this regard. You are probably also aware that the provisions that permit an acquirer to file a Section 13d report as late as 10 days after crossing the five percent threshold have been widely discussed as appropriate for legislative amendments to reduce such period. We think the outcry behind such proposals says much about the public's feelings toward takeover secrecy.

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If you wish to discuss this proposal further, I should be happy to take your call.

Sincerely,



William G. von Glahn

WGG/ka