EXHIBIT 1

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF OKLAHOMA

IN RE WILLIAMS SECURITIES LITIGATION This Document relates To: WMB Subclass	Case No. 02-CV-72-SPF (FHM) Judge Stephen P. Friot **ECF FILED**

DECLARATION OF LAYN R. PHILLIPS

I, Layn R. Phillips, declare as follows:

1. I was selected by the parties to serve as the mediator for this case. I make this declaration based on personal knowledge and am competent to testify to the matters set forth herein.

2. I am a partner with Irell & Manella LLP. I am based in the Newport Beach, California office of Irell & Manella LLP. I am a member of the bars of Oklahoma, Texas, California and the District of Columbia, as well as the U.S. Courts of Appeals for the Ninth and Tenth Circuits and the Federal Circuit. Along with litigating cases, a considerable amount of my professional time is devoted to serving as a mediator and arbitrator in connection with large, complex cases like this one. I have successfully mediated numerous complex commercial cases, including dozens of securities class action cases. Because of a number of the dynamics discussed further below, I can say without hesitation that this was one of the most difficult cases to settle in my experience as both a mediator and as a litigator. As discussed below, I believe that the settlement represents an excellent recovery for the class and a reasonable and fair outcome for all parties involved.

3. I have strong ties to Oklahoma and considerable experience in Oklahoma courts, which I believe well suited me to serve as the mediator for this case. I was born in Oklahoma City and grew up in Tulsa, Oklahoma, and earned my Bachelor of Science in Economics as well as my J.D. from the University of Tulsa. I also completed two years of L.L.M. work at Georgetown University Law Center in the area of economic regulation of industry. After serving as an antitrust prosecutor and an Assistant U.S. Attorney in Los Angeles, California, I was nominated by President Reagan to serve as a United States Attorney in Oklahoma, and did so for approximately four years. I have tried many cases to Oklahoma juries myself, and I oversaw the trial of numerous other cases as a United States Attorney in Oklahoma. While still a United States Attorney, I was nominated by President Reagan to serve as a District Judge for the Western District of Oklahoma. During my tenure as a Federal Judge, I presided over trials in all three districts of the state (Northern, Western and Eastern) and sat by designation on the United States Court of Appeals for the Tenth Circuit. I also presided over cases in Texas, New Mexico and Colorado. While on the bench, I presided over a total of more than 140 federal trials, including many cases that were tried to juries in Tulsa, Oklahoma.

4. I knew about this case before I was asked to serve as the mediator, because I keep myself apprised of significant litigation in Oklahoma. I also knew of Williams and its major presence in Tulsa, as well as the other parties to the litigation and the law firms representing them. I was also generally aware of the history of the litigation before Ontario Teachers and Arkansas Teachers were appointed as Lead Plaintiffs.

5. The mediation of this case took place over the course of more than a year. Not long after Ontario Teachers and Arkansas Teachers were appointed as Lead Plaintiffs, I began having separate discussions with counsel for the parties on both sides. From those

discussions in early to mid 2005, it was clear to me that there was virtually no chance of settling the case at that time. The defendants were not then inclined to pay anything close to the substantial sums that the Lead Plaintiffs sought to obtain for the class. Meanwhile, the Lead Plaintiffs and their counsel were at that point preparing for and taking merits depositions and otherwise analyzing the documents produced in the case.

6. By the Fall of 2005, the parties and I concluded that there could be value in conducting a face-to-face mediation session. This mediation session took place over the course of two days - October 17 and 18, 2005 - in Dallas, Texas. In connection with that mediation session, the parties submitted lengthy and detailed mediation statements, including mediation statements that were shared with the other side as well as mediation statements that were for my eyes only. In addition to those written submissions, counsel for the various parties made substantive presentations regarding various aspects of the case. Those presentations included detailed discussions of the evidence elicited through deposition testimony and documents. Certain of those presentations were made to me and to opposing counsel, and others were made only to me. There were also separate and lengthy sessions with the many insurance representatives and their counsel who attended the sessions. The advocacy that I witnessed at these mediation sessions by counsel for all parties was of the highest caliber.

7. At this mediation session, I engaged in numerous discussions with counsel for the various parties and the insurance carriers. I made many approaches to both sides in an effort to find or create common ground between the parties' respective positions. Despite my best efforts, it became clear over the course of that two-day mediation session that there was no realistic hope of settling the case against Williams, the underwriter defendants, and

the individual defendants (the "Williams defendants"). The gulf between the positions of the Williams defendants and the Lead Plaintiffs was simply too wide to bridge at that time.

8. However, the parties and I were able at the October 2005 mediation to make progress with respect to the aspect of the case against Ernst & Young LLP. A significant number of the depositions relating to the claims against Ernst & Young had been completed by the time of the mediation. Therefore, among other reasons, I was able to mediate a structured arrangement among Lead Plaintiffs and Ernst & Young that ultimately led to the determination of a set amount for Ernst & Young to pay in order to resolve the claims against it. This arrangement provided that Ernst & Young would pay $10 million into an escrow account for the benefit of the class, and that I would thereafter serve as the arbitrator as to how much Ernst & Young should pay in addition to that $10 million within an agreed upon range. I believe that this arrangement was in the best interests of both the class and Ernst & Young. For Ernst & Young, it avoided the need to participate in the remainder of this difficult and expensive litigation. For the Lead Plaintiffs and the class, this allowed Lead Counsel to focus its energy on other defendants from whom it could, and ultimately did, obtain a recovery in the hundreds of millions of dollars. As discussed further below, the alternative dispute resolution procedure that was agreed upon by Lead Plaintiffs and Ernst & Young at the mediation in October 2005 ultimately resulted in my determination, following lengthy supplemental evidentiary submission and argument, that Ernst & Young should pay a total of $21 million to settle the claims against it.

9. After the October 2005 mediation, the litigation against the Williams defendants continued to move forward. I also continued to engage in separate discussions with counsel for the parties and insurance carriers in an ongoing effort to find a way to settle this complicated case. I was kept apprised as the parties completed more than one hundred

merits depositions, class certification discovery and briefing, and expert discovery. I was also kept informed by the parties about the summary judgment arguments and responses that were being made by the two sides in their respective summary judgment papers. I personally reviewed a number of key deposition transcripts, watched video clips from certain depositions, and reviewed the lengthy and detailed summary judgment briefs filed by the parties.

10. From my involvement in working to settle this case, it was clear to me that the advocacy by both sides' lawyers was outstanding. The defendants were represented by some of the best defense firms in the country, including Gibson Dunn & Crutcher, Cadwalader, Wickersham & Taft, Latham, & Watkins, and Weil Gotshal and Manges, as well as some of the most highly respected firms in Oklahoma, including Hall Estill, Ryan Whaley, Crowe & Dunlevy, and Fellers Snider. The Lead Plaintiffs and the class were also well represented by firms that I know and respect - Bernstein Litowitz Berger & Grossmann LLP as Lead Counsel and the Burrage Law Firm as Liaison Counsel. As far as the legal talent involved in this case was concerned, from my personal experience with the firms involved and from what I directly observed in this case, this was a match among equals.

11. As the case moved into expert discovery and then summary judgment (in early to mid 2006), I further intensified my efforts to mediate a settlement. I was extremely familiar with summary judgment practice in Oklahoma, and I monitored these filings closely, discussing with the parties on many occasions the strengths and weaknesses of the arguments made in those papers as I perceived them. I knew that the case was scheduled to go to trial in August 2006, and that the case would become increasingly difficult, if not impossible, to settle if it got much closer to trial. Both sides were represented by lawyers

with experience trying securities class actions like this one, so I knew that neither side could be persuaded to settle out of a lack of experience with trying a case of this type.

12. As part of my efforts to mediate a settlement, I recommended to the parties that they agree to mediate a settlement within a specified range. In my experience as a mediator, parties almost never reject a mediator's recommendation that they mediate within a specified range, particularly if both sides have been keeping the mediator up to date on the merits of the case (which the parties had been doing in this case). Illustrating how difficult it was to settle this case, the parties rejected my recommendation that they mediate a settlement within a specified range. This occurred on more than one occasion.

13. After this occurred more than once, I nearly concluded that it would be fruitless for me to continue to try to mediate a settlement of the case. However, I decided to try to make a breakthrough with the parties by bringing them together for a second face-to-face mediation session. This mediation session took place in my offices in Newport Beach, California on May 19, 2006. The mediation was attended by representatives of Williams, including its General Counsel and Associate General Counsel, and it was also attended by representatives of the Lead Plaintiffs: Senior Legal Counsel for Ontario Teachers (Michael Padfield) and the Executive Director of Arkansas Teachers (David Malone). The parties were also represented by members of their respective law firms: Gibson Dunn and Hall Estill for the Williams defendants, and Bernstein Litowitz and the Burrage Law Firm for Lead Plaintiffs and the class.

14. At the May 2006 mediation session, the parties made presentations regarding Williams' ability to pay the amounts that the Lead Plaintiffs were seeking to settle the case. A Williams executive and, separately, a finance expert for the Lead Plaintiffs made competing presentations about that topic. Also, I spoke at length with each side about its

preparations for trial. It was clear to me that both sides were well prepared to try the case if necessary. I was also impressed by the deep involvement of the Lead Plaintiffs' representatives in overseeing the prosecution of the case, and with their commitment to that obligation, as well as the close involvement of Williams' in-house counsel and executives in defending the case.

15. Although a settlement was not achieved at the May 2006 mediation, I continued in the following days and weeks to try to put together a settlement between the parties. After innumerable discussions with both sides, on June 9, 2006, the parties finally agreed in principle to settle the claims against the remaining defendants for $290 million in cash. I believe this is an excellent recovery for the class and a fair and reasonable settlement for all of the parties given the risks involved for both sides.

16. On a parallel track, I was arbitrating the remaining issue regarding the total amount that Ernst & Young would have to pay to settle the claims against it in this case. In connection with my consideration of that matter, I received detailed briefs from both sides, including copies of relevant documents and testimony. After considering the extensive submissions and arguments made by the parties, on June 12, 2006, I rendered my decision that Ernst & Young would be required to pay $21 million in cash to settle the claims against it. Together with the $290 million obtained from Williams, this brought the total recovery on behalf of the class to $311 million.

17. I believe that $311 million is an excellent recovery in this case and represents a fair and reasonable settlement for all parties given the risks involved. There were many significant risks that the plaintiffs were facing here, including:

- the risk of a ruling on summary judgment that could have ended or seriously curtailed the plaintiffs' case;

- the risk that a Tulsa jury would be disinclined to make a finding of liability against Williams, the largest employer and one of the last remaining energy companies in the area;

- the risk that a Tulsa jury would view the lack of any restatement or wrongdoing uncovered by a government agency as an indication that, in fact, there had been no wrongdoing at Williams;

- the risk that the complex fraud alleged would not be readily understood by or compelling to a jury; and

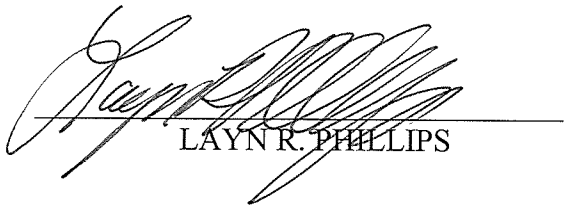
- the risk that, even if liability was established, a Tulsa jury would not award significant damages.

In light of these and other risks facing the plaintiffs, I believe that the recovery of $311 million on behalf of the class is certainly fair and reasonable, and it is an excellent recovery for the class. Similarly, given the significant risks faced by Williams and the other defendants, including the exposure to possible Section 11 liability, trying an accounting fraud case in a post-Enron/WorldCom era and in an atmosphere of distrust of large corporations, and the evidence developed by Lead Plaintiffs, the settlement agreed upon was a fair and reasonable compromise of the risks defendants faced.

18. Even after the settlement figures were determined, the settlement was not an easy one to finalize. The parties agreed that if they were unable to resolve disputes among them relating to the settlement documentation, they would bring those disputes to me in the first instance (before seeking Court intervention). Over the course of a few months, I was kept informed about the fact that the parties were engaged in detailed discussions about the various terms to be included in the settlement documentation. In fact, the parties were unable on their own to resolve a dispute about a material term in the settlement papers, and therefore had to involve me in resolving that dispute. Ultimately, the settlement papers were finalized in late August 2006, but even the process for documenting the settlement was not a simple one.

19. In sum, from my involvement as the mediator for the case, I observed first hand that this was a hard-fought litigation which resulted in an excellent recovery for the class and a fair and equitable settlement for all concerned. The advocacy on both sides of the case was outstanding. It is clear to me that the class could not have obtained $311 million earlier than it did or without institutional investors serving as Lead Plaintiffs or without Lead Counsel and Liaison Counsel who were able to go toe-to-toe with the top-notch defense lawyers involved and the savvy and sophisticated business representatives of defendants including Williams and Ernst & Young, as well as the insurance carriers involved in the mediation of this case – all of whom displayed the highest level of professionalism in carrying out their duties on behalf of their respective clients. The settlement here was the product of extensive arms-length negotiations and litigation. I believe it was in the best interests of all of the parties that they avoid the burdens and risks associated with taking a case of this size and complexity to trial, and that they agree upon the settlement now before the Court.

Dated: January 12, 2007



LAYN R. PHILLIPS