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Scott P. Doescher
Sr. Vice President Finance
Secretary and Treasurer

SENT VIA EMAIL TO: FASBCOMMENTS@FASB.ORG

Ms. Suzanne Bielstein
Director – Major Projects and Technical Activities
Financial Accounting Standards Board
401 Merritt 7
Norwalk, CT 06856-5116

Letter of Comment No: 11
File Reference: 1102-SCU

Dear Ms. Bielstein:

This letter is written in support of the FASB's further study of the liability classification of stock options or similar instruments as part of a share-based payment arrangement that includes a change of control provision. I understand that the Board will discuss, at its January 11, 2006 meeting, whether a project will be added to the agenda to consider this matter.

Adoption of FAS No. 123(R) requires the value of options or similar share-based instruments to be classified as a liability if cash settlement could occur under any circumstance, even if the likelihood of such settlement is remote. The liability is remeasured to fair value each reporting period, with changes recognized on the income statement. Later removal of the contingent cash settlement feature results in the change of classification from a liability award to an equity award.

In addition to Wausau Paper Corp, it is likely that a number of companies maintained (on the date of adoption of 123R) share-based payment plans that require cash settlement upon a change in control or a change in ownership that meets a specified threshold. Many of these companies are likely to amend their plans in the period of adoption to remove this cash settlement feature and avoid the mark-to-market variability of liability awards. Under current rules, this adoption and same-period amendment will create a set of accounting entries which could prove confusing to financial statement users as initially-recorded liability awards are immediately reclassified as equity awards. I encourage the Board to consider this unique set of circumstances and explore transition alternatives including full-period equity treatment of liability awards converted (to equity awards) during the period of initial adoption.

Your consideration of this matter is appreciated.

Sincerely,

Scott Doescher
Senior Vice President, Finance
Secretary & Treasurer

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