

June 24, 2004

Director of Major Projects
File Reference No. 1102-100
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk CT 06856-5116

Dear Sir or Madam:

Thank you for the opportunity to comment on your proposed financial accounting standard for share based payments. While we understand the perceived need for more transparency in financial reporting and disclosures surrounding employee stock option plans and other forms of stock-based compensation, we feel that this project is being rushed too much and will achieve an unworkable solution that will likely result in the need for further amendments and interpretations. The current proposal will not attain the goal of providing investors and other users of financial statements with reliable, consistent and understandable information on which to base decisions.

First, we disagree with the assumption that a change in accounting principles is needed in this area. Many people understand the use of the intrinsic value method in the financial statements with the supplemental hypothetical fair value estimates provided in the notes available for those who are interested. Our discussions with analysts and investors lead us to believe that non-cash charges are largely ignored. Instead, our investors are more concerned with the potential dilution from new share issuances and focus on the earnings per share impacts of stock options. Stock option plans are more of a capital type transaction between shareholders and employees and are normally designed to align the interests of these two stakeholder groups.

Second, we have heard and read that one driving reason for considering adopting this proposed standard is the desire for corporate governance reform. We do not think requiring the expensing of stock options would have prevented any of the recent highly publicized corporate failures. We believe corporate governance improvements should be driven by investors, directors, and the markets instead of accounting standards. The proposed standard will likely have the unintended consequence of greatly curtailing the use of broad based stock option plans to align the interests of employees with those of shareholders.

If the FASB insists upon adopting the measurement methodology as proposed, we think the FASB should take more time to study the proposal's impacts and commission field studies to determine the ability to implement the proposed standard in real company situations. The issues surrounding employee stock option plans are complex and are difficult to model to derive an estimated fair value. We believe that many companies will interpret the standard and develop models differently such that they do not have comparable approaches to measuring compensation cost under the proposed approach. Accurate modeling software does not appear to be commercially available to support the lattice methodology. While we agree that fair value information is generally very desirable and relevant to investment decisions, hypothetical fair values such as those contemplated in the proposed standard are not sufficiently reliable or free from bias to utilize as a core accounting measurement technique.

Sincerely,



John R. Cooper
President and Chief Executive Officer

Douglas E. Pritchett
Senior Vice President and Chief Financial Officer

Edward H. Blankenship
Vice President and Chief Accounting Officer