Letter of Comment No: 5846
File Reference: 1102-100

100 South Saunders Road
Lake Forest, Illinois 60045-2561
847.739.1200

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

Dear Director of Major Projects:

You have requested comments on the Financial Accounting Standards Board (FASB) Proposed Statement of Financial Accounting Standard (SFAS): Share-Based Payment. At IMC Global Inc. (IMC), the Proposed SFAS will have an impact on the accounting and disclosures of IMC. We have structured our response to address the proposed statement's major issues.

Issue 1: IMC agrees that employee services received in exchange for equity instruments give rise to recognizable compensation cost and that such compensation cost should be recognized in the financial statements.

Issue 2: Even though IMC agrees that recognition of compensation cost in the financial statements better assists the user of the financial statements to make decisions based on the statements, IMC does not agree with the Board's conclusion that pro forma disclosures are not an appropriate substitute. IMC feels that pro forma disclosures provide sufficient information to the user of the financial statements to enable the user of the statements to make decisions based on those statements. The Board's statement that "most of the users of financial statements who responded to either the Invitation to Comment or ED2 (or both) or the Exposure Draft that led to the issuance of FASB Statement No. 148" was not overly convincing. The Board did not mention how this sample was representative of all users of the financial statements and whether based on this sample enough evidence was provided to conclude that all users of the financial statements were not satisfied with pro forma disclosures.

Issue 3: IMC does not agree that public companies should measure the compensation cost related to employee services received in exchange for equity instruments issued based on the grant-date fair value of those instruments. IMC believes that public companies should only recognize the actual cost incurred when an option is exercised. The Board argues that a Company receives "services" in exchange for the option and, therefore, compensation cost should be recognized. At IMC employees are paid a salary and IMC receives services for the salary that is paid. IMC would receive the same services from the employee whether or not stock options are granted and

therefore the options are more of a bonus that enables the employee to benefit from the success of the Company and aligns the employee interest with that of its stockholders. Since IMC already recognizes the salary the employees receive in exchange for "services" rendered, IMC should only have to expense the options that are actually exercised. By expensing only the options that are exercised, the actual compensation cost is known as well as there is better matching of compensation cost with an employee realizing the benefits of the options. In addition, forcing public companies to recognize options that are not exercised is similar to making employees pay taxes to the Internal Revenue Service on those same options that are not exercised.

Issue 4(a): Since IMC is a proponent of only recognizing actual costs incurred for options exercised, it does not feel that fair value measurement is necessary. Nonetheless, IMC does not feel that the proposed Statement provides sufficient guidance to ensure that the fair value measurement objective is applied with reasonable consistency. Since the guidance only recommends a fair value model, different companies may use a different model which is a big inconsistency in the first step necessary to estimate a fair value. Even if the same model is used, different assumptions such as the life of the grant and expected volatility can all lead to inconsistencies among companies within the same industries. If all options were guaranteed to be exercised, one could argue that the compensation cost would be incurred at some point and therefore spreading the cost over the life of the grant could be justified. However, since there is no guarantee that all options will be exercised, it would seem that under the proposed guidance some companies would be forced to record more expense than others for options that are not exercised. Therefore, IMC identifies possible inconsistencies in the proposed guidance and therefore reiterates its belief that only actual costs incurred for options exercised should be recognized in the financial statements.

Issue 4(b): Since the Board only recommends a certain model to use and even concedes that not all companies have the necessary information to use the recommended model, IMC does not feel that the fair value of employee share options can be measured with sufficient reliability.

IMC agrees that a lattice model offers greater flexibility; however, it is difficult to say that it is preferable. IMC believes that without conducting a cost/benefit analysis of using different types of models and measuring the impact on the financial statements of using each model, IMC is unable to conclude which model is preferable.

Issue 4(c): IMC may agree with the proposed Statement that each enterprise make their best estimate of expected volatility however, this then raises the reasonable consistency issue discussed in Issue 4(a).

Issue 4(d): IMC feels that estimating fair value using the expected term rather than its contractual term and taking into account the risk of forfeiture due to vesting conditions will again allow companies to use different assumptions in that model that again raises the reasonable consistency issue discussed in Issue 4(a).

Issue 5: If actual cost is recognized when an option is exercised, Issue 5 is not a problem. However, IMC feels that the intrinsic value method with remeasurement through the settlement date is the appropriate alternative accounting treatment when it is not possible to reasonably estimate fair value.

Issue 6: IMC agrees with the principle established in the proposed statement that an employee stock purchase plan transaction is not compensatory if the employee is entitled to purchase shares on terms that are no more favorable than those available to all holders of the same class of the shares.

Issue 7: IMC does not believe that the requisite service period is the appropriate basis for attribution. IMC believes that compensation cost should be recognized in the financial statements when an option is exercised.

Issue 8: IMC does not believe that the requisite service period is the appropriate basis for attribution. The current options granted by IMC have fairly straight-forward terms and therefore, the guidance provided on estimating the requisite service period would be sufficient.

Issue 9: If compensation cost is only recognized when an option is exercised, the issue of accounting for awards with graded vesting schedule is not an issue. However, IMC does agree with the proposed treatment of accounting for them separately that results in a recognition pattern that attributes more compensation cost to early portions of the combined vesting period of an award and less compensation cost to later portions.

Issue 10: As previously mentioned, the current options granted by IMC have fairly straight-forward terms and, therefore, the guidance provided on modifications and settlements would be sufficient.

Issue 12: IMC believes that the disclosure objectives set forth in the proposed statement are appropriate and complete and that the minimum required disclosures are sufficient to meet those disclosure objectives.

Issue 13: IMC believes that an extended transition period is warranted. Based on the current time table, an effective date of fiscal years beginning after December 15, 2004 does not provide the entities impacted by the proposed Statement sufficient time to evaluate fair-value models to determine which model is more appropriate to use. IMC does agree that retrospective application should not be permitted.

Issue 16: IMC does not agree with the Board's decision to reflect those excess tax benefits as financing cash inflows. As the Board discusses in paragraph C139, "in paragraph 92 of FASB Statement 95, the Board explains that '...allocation of income taxes paid to operating, investing, and financing activities would be so complex and arbitrary that the benefits, if any, would not justify the costs involved.'" IMC does not view this as a one time exception to FASB Statement 95 but rather as a precedent for future modifications to the allocation of taxes which would go against the original principles of FASB Statement 95.

We appreciate your consideration.

Very truly yours,

/s/ Robert M. Qualls
Robert M. Qualls
Vice President and Controller