Letter of Comment No: 36
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CONNIE D. MCDANIEL VICE PRESIDENT AND CONTROLLER

ADDRESS REPLY TO P.O. BOX 1734 ATLANTA, GA 30301 404 676-3497

November 4, 2002

Director of Major Projects and Technical Activities Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, Connecticut 06856-5116

File Reference No. 1101-001
Subject: Proposed Statement of Financial Accounting Standards
Accounting for Stock-Based Compensation – Transition and Disclosure
an amendment of FASB Statement No. 123

## Dear Director:

I would like to thank you for this opportunity to comment on the Proposed Statement of Financial Accounting Standards: Accounting for Stock-Based Compensation – Transition and Disclosure. Effective January 1, 2002, our Company adopted the fair value method of recording stock options contained in Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation." As a result, we are obviously interested in the requirements of the proposed Statement.

We agree with the substantive provisions of this proposed Statement. We believe the FASB's proposed Statement should remove one of the significant barriers for companies to adopt the preferable, fair value method of accounting for stock-based compensation. We do have a suggested change, which is discussed below, to the location of certain required disclosures.

We understand the FASB's concern regarding the "ramp-up" effect of the prospective application of the fair value recognition provisions to new awards granted after the beginning of the period of adoption. Therefore, we agree with the FASB's proposal to permit two additional transition methods that avoid the "ramp-up" effect.

While there may be concerns regarding consistency and comparability among companies, the proposed Statement requires disclosure of comparable information of all companies regardless of whether, when, or how an entity adopts the preferable, fair value method of accounting. We believe the required disclosure proposed for inclusion in the "Summary of Significant Accounting Policies" will effectively communicate each company's policy, thus enhancing comparability. However, as outlined in APB Opinion No. 22, "Disclosure of Accounting Policies," there is a need for flexibility in determining the format of disclosure of accounting policies. We agree with the FASB that the stock-based compensation accounting policy should be included in the Summary of Significant Accounting Policies. However, we believe that specific, required disclosures in paragraph 2.d.c. and paragraph 3 of the proposed Statement are more appropriately included in a separate footnote related solely to stock-based compensation.

The required specific tabular format for disclosure of the pro forma effect of applying the fair value method of accounting for stock-based employee compensation for all periods presented, including quarterly disclosures, will enhance comparability among companies and will provide consistent disclosure.

We would be pleased to discuss our comments with the FASB at your convenience.

Very truly yours,

/s/ Connie D. McDaniel

cc: Gary P. Fayard, Senior Vice President and Chief Financial Officer