

August 13, 2003

Director TA&I-FSP
Financial Accounting Standards Board
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P.O. Box 5116
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Proposed FASB Staff Position
“Determining Whether a One-Time Termination Benefit Offered in Connection with an Exit or Disposal Activity Is, in Substance, an Enhancement to an Ongoing Benefit Arrangement Subject to FASB Statement No. 112, *Employers’ Accounting for Postemployment Benefits*”

We appreciate the opportunity to comment on the proposed FASB Staff Position (FSP) “Determining Whether a One-Time Termination Benefit Offered in Connection with an Exit or Disposal Activity Is, in Substance, an Enhancement to an Ongoing Benefit Arrangement Subject to FASB Statement No. 112, *Employers’ Accounting for Postemployment Benefits*.” We are pleased that the FASB staff decided to define their meaning of enhancement and have no objections with the conclusion reached in the FSP.

We do, however, believe clarification is needed in the proposed FSP related to the interaction of a Statement 112 plan and an additional Statement 146 one-time termination benefit. This clarification may be made by adding something similar to the following underlined text to the proposed FSP:

“If this example were changed to indicate that the additional termination benefits only applied to the employees affected by that RIF, those additional benefits would not be considered an enhancement to the ongoing termination benefit plan and would, therefore, be accounted for under Statement 146.” That is, severance equal to one week of pay for each year of service would be accounted for under Statement 112 and the additional termination benefit (two weeks of severance pay for each year of service) would be accounted for under Statement 146. This may result in the severance under Statement 112 being recorded in a different period than that covered by Statement 146.

We believe that clarifying the proposed FSP, as discussed above, will help to ensure a more consistent application of Statement 146. We also agree with the transition provided in the proposed FSP, as companies may have applied differing interpretations of an “enhancement”.

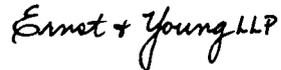
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Accordingly, allowing companies to apply the provisions of this proposed FSP either prospectively or through a cumulative effect adjustment is appropriate.

We would be pleased to discuss any of these specific concerns with you, the Board members or other staff, at your convenience.

Very truly yours,

A handwritten signature in black ink that reads "Ernst & Young LLP". The signature is written in a cursive, flowing style.