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October 30, 2003

Mr. Lawrence Smith  
Director of Technical Application and Implementation Activities  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, Connecticut 06856-5116

Re: Proposed FASB Staff Position No. FAS 150-c, Effective Date and Transition for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities of FASB Statement No. 150, *Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity*

Dear Mr. Smith:

PricewaterhouseCoopers LLP appreciates the opportunity to respond to the proposed FASB Staff Position (the "Proposed FSP"), "Effective Date and Transition for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities of FASB Statement No. 150 (FAS 150), *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*". We agree with the Proposed FSP and commend the Board for taking timely action to allow certain nonpublic entities additional time to adapt to the classification of mandatorily redeemable financial instruments as liabilities.

We also agree with the Board's decision at its October 29, 2003 meeting to defer the application of paragraphs 9 and 10 of FAS 150 to certain mandatorily redeemable noncontrolling (i.e., minority) interests and believe that such a deferral is responsive to concerns raised by PricewaterhouseCoopers LLP and also expressed by many other constituents.

Our other comments on the proposed FSP are as follows:

- The fourth paragraph in the Proposed FSP relating to certain shares and related redemption agreement appears to provide additional interpretive guidance with respect to the application of the definition of a "freestanding financial instrument" in FAS 150. While there may be a need for further clarification of the definition of a freestanding instrument in FAS 150, such additional guidance may be more appropriate in a separate FSP. Implementation guidance should not be buried in an FSP that is primarily addressing the deferral of FAS 150's effective date for certain nonpublic entities.

- With respect to the implementation of FAS 150 by certain nonpublic entities, the appropriate transition accounting is not clear in some circumstances. An example would be a situation in which a calendar-year, nonpublic entity is making an initial public offering (an IPO) in October 2004 (i.e., prior to the effective date of FAS 150), and therefore, is filing with the Securities and Exchange Commission a registration statement. In this example situation, assume that the latest financial statements included in the registration statement are for the period ended September 30, 2004. The FAS 150 transition question is -- should the latest stub period financial statements present the impact of the adoption of FAS 150 because the Standard would be applicable to the company once it becomes a public entity in October 2004? If so, when should the entity initially reflect the adoption of FAS 150 -- should it be at the beginning of the fiscal year (i.e., January 1, 2004) or the quarter beginning July 1, 2004 or some other date going back to the earliest year presented? Since FAS 150 precludes restatement of previously issued financial statements, should the answer depend on whether the entity previously issued interim financial statements? A clarification about the transition in such circumstances would be helpful to nonpublic entities that may be planning to become public.

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If you should have any questions regarding our comments, please feel free to contact John Althoff at (973) 236-7288, Deidre Schiela at (973) 236-7222, or Bob Bhava at (201) 521-3058.

Sincerely,

PricewaterhouseCoopers LLP