

January 25, 2007

Richard J. Schlueter Vice President & Chief Accounting Officer

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Mr. Lawrence W. Smith
Director, Technical Application & Implementation Activities
Financial Accounting Standards Board
401 Merritt 7
Norwalk, Connecticut 06856-5116

Re: FSP FIN 39-a

Dear Mr. Smith.

* F S P F I N 3 9 A *

LETTER OF COMMENT NO.



We would like to take this opportunity to comment on the Proposed FASB Staff Position No. FIN 39-a "Amendment of FASB Interpretation No. 39."

We agree with the proposed FSP and believe the scope of the FSP should be expanded to also provide guidance for a similar issue relating to cash pooling structures (also referred to as "notional cash pools"). Under such structures, the cash funds of several subsidiaries in various countries with varying currencies are aggregated with a single legal banking entity and used as collateral for another subsidiary to overdraw with the same legal banking entity against these funds. Although the balance of each subsidiary is not actually swept out of their accounts, the net balance of the entire group with the bank is zero as the positive cash balances of the various subsidiaries are offset by the negative cash balance of the overdraft subsidiary that invests the cash balance daily. The positive cash balance subsidiaries will receive interest from the bank while the negative cash balance subsidiary will pay interest to the bank. These cash pooling structures include a master netting arrangement among the various subsidiaries and the bank. The entire process is managed by the bank to ensure the balances of all subsidiaries sum to zero at the end of each day and that excess funds are invested overnight.

For example, a parent company has four European subsidiaries. Three of the subsidiaries (Subsidiaries A, B and C) have a positive cash balance with Bank Z and the fourth subsidiary's (Subsidiary D) balance is overdrafted with Bank Z equal to the sum of the positive cash balances. Subsidiary D invests the overdraft funds in an overnight investment with a yield higher than is available on the individual balances. This process is repeated each day based upon the available cash balance with Bank Z.

If the proposed FSP allows the netting of cash collateral against the fair value of contracts in a master netting arrangement (which we support), net reporting should also be allowed in cash pooling structures with master netting arrangements. In the above example, we believe the reported amount for the arrangement should be zero, rather than the gross amount of the cash and the overdraft liability. We believe there is diversity in practice and understand some companies have reported on a net basis under these arrangements. If net reporting for "notional cash pools" is viewed as appropriate GAAP (which we believe it should be), the Staff should also clarify this issue in the proposed FSP to ensure consistent application.

We appreciate the opportunity to respond to the proposed FSP and would be happy to discuss this issue with the Staff. We trust that our comments will be seriously considered in future Board deliberations on this issue.

Sincerely,

Richard J. Schlueter Vice President

& Chief Accounting Officer

cc: Robert Herz

Chairman

Financial Accounting Standards Board

Walter J. Galvin

Senior Executive Vice President

& Chief Financial Officer