R.G. Associates, Inc. Investment Research/Investment Management 201 N. Charles Street, Suite 806 Baltimore, MD 21201

Jack T. Ciesielski, CPA, CFA President

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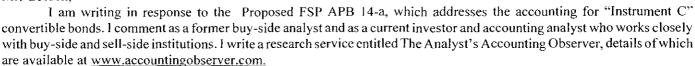
October 10, 2007

Mr. Russell Golden Director of Technical Application and Implementation Activities Financial Accounting Standards Board 401 Merritt 7

P.O. Box 5116

Norwalk, CT 06856-5116

Mr. Golden,



I also happen to be a member of the Emerging Issues Task Force, which looked at this issue earlier this year.

Generally, I support the proposal as it exists. I believe that the true cost of borrowing using these kinds of instruments has been masked by the value of the equity convergence feature embedded in the bonds. It is completely counterintuitive that corporate borrowers should have an explicit borrowing cost below treasury bond rates, but that's the result of the current accounting. The accounting in this proposal shows investors the real borrowing costs incurred by Instrument C issuers more clearly than present practice does.

I do not believe the accounting is overly difficult to apply; in fact, I think it's the easiest way to achieve a bifurcation of the bond and equity values. I'd like to believe that chief financial officers and treasurers have a pretty good idea of what it would cost them to borrow on a non-convertible basis, and that they'd be able to apply present value methods to a payment stream to strip the pure bond value out of an Instrument C. If they don't have non-convertible issues outstanding with similar terms, they should be able to observe reasonable proxies in the marketplace. The language in Paragraph 10 might be altered to indicate that the non-convertible bond value is not required to be obtained from other issuances of the reporting firm. I believe that some issuers might object to the proposal on the grounds that they do not have isolated non-convertible bonds of their own, and this should not be a valid concern. They should still be able to develop a separate bond value.

I also believe that the examples and the references to US accounting principles make the proposed FSP more meaningful to financial statement preparers and that they would make transition to the revised accounting more effective.

With regard to transition issues, I would encourage the FASB to stick to its proposed timetable for the implementation of this FSP. I do not believe it should be delayed, for several reasons. First, it's not a change in accounting principle that should require massive - or even minor - accounting system changes. It's a standard that can be worked out on a spreadsheet and reduced to a series of quarterly journal entries. Second reason: I have a hard time believing that finance staffs sophisticated enough to be issuing these kinds of instruments can't come up with the necessary accounting entries, as demonstrated in this document, by next spring. That's when the first batch of companies would have to report with the new accounting according to the proposal.

I also encourage the FASB to stick to the retrospective method of presentation. I believe investors prefer to see consistent application of accounting principles: it makes trends more meaningful, and investors can place more reliance on the information that such trends impart. If firms were to account for the imputed interest on the bonds on a cumulative catch-up or even on a prospective basis, they'd still have to develop the past history to bring the bond values up to the current time period. There is no additional work that needs to be done to develop retrospective information. So - why shouldn't firms provide investors with what they need?



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Phone: (410)783-0672

Fax: (410)783-0687

Lastly, I would recommend one minor disclosure addition. While a balance sheet is supposed to show what exists at a certain point in time, and not what *might* happen in the future, I understand there are some credit analysts who might actually prefer the full accreted value to be shown because they believe that many Instrument Cs will never be converted and they'll actually mature to be face value bonds. Showing them in the current fashion is consistent with their analysis, without resorting to adjustments. Simply as a service to that class of investors, it might be useful to require disclosure of the full accretion value of the bonds on the face of the balance sheet.

That concludes my comments. If you have any questions, please do not hesitate to call. Best regards.

Sincerely,

Jack Ciesielski

jciesielski@accountingobserver.com