

FLUOR[®]



LETTER OF COMMENT NO. *46*

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Sent via email: director@fasb.org

October 15, 2007

Russell G. Gordon
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File Reference: Proposed FSP APB 14-a

Fluor Corporation (Fluor) appreciates the opportunity to comment on the recently proposed Financial Accounting Standards Board (FASB) Staff Position APB 14-a – “Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)” (FSP APB 14-a). We support the issuance of guidance to clarify the accounting treatment of convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement). However, Fluor does not support the retrospective application of FSP APB 14-a.

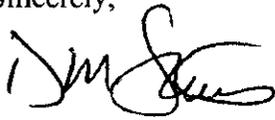
Based on the economics of convertible debt instruments, the financial markets would have adjusted the value of an entity at the date a convertible debt instrument was issued. Therefore, a restatement is of little relevance to a user of the entity’s financial statements. In addition, FSP APB 14-a stipulates that depending on the terms of the instrument and the availability of inputs to valuation techniques, the fair value of the liability may be determined using present value (income approach) and/or a valuation based on prices and other relevant information generated by market transactions involving comparable liabilities (market approach). Both techniques require estimating certain factors such as credit risk and market conditions at the time of issuance of the convertible debt. Fluor disagrees with the presumption that information needed to determine fair value would be available with limited efforts. While the availability of information may apply to those entities who structured a transaction to achieve certain tax benefits or in other specialized situations, it may not apply to all entities. Because a significant amount of time may have elapsed between issuance of the convertible debt instrument and the implementation of FSP APB 14-a and because the

estimation process of determining fair value of the convertible debt instrument is based on a hypothetical set of facts at a historical point in time, we question the dependability of fair value determined long after the issuance of a convertible debt instrument. Thus, reliability becomes uncertain due to the potential inaccuracy of the values placed on the convertible debt and equity components. Finally, by requiring entities to apply FSP APB 14-a retrospectively, an entity will incur additional costs not only to calculate the separate liability and equity components but also to restate previously issued financial information, including but not limited to annual and quarterly financial statements and investor reports.

Based on the issues of relevance, reliability and cost of implementation described above, Fluor's proposal related to the implementation of FSP APB 14-a is to only permit prospective financial statement recognition of the separate components of liability and equity to new issues of convertible debt instruments that can be settled in cash. Users interested in theoretical evaluation of convertible debt offerings issued in prior periods could be provided with certain supplemental disclosures that would enable such analytical evaluation.

We would welcome an opportunity to discuss this matter with you or your staff. I can be contacted at 469-398-7200.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Michael Steuert', written in a cursive style.

D. Michael Steuert
Senior Vice President and
Chief Financial Officer