

**October 20, 2010**

**Financial Accounting Standards Board**

401 Merritt 7  
PO Box 5116  
Norwalk CT 06856-5116  
Attn: Technical Director – File Reference No. 1820-100  
(Via U.S. Mail and Electronic Mail)

**Re: Comments on the FASB and IASB’s Exposure Draft on Revenue Recognition from Contracts with Customers**

As the Financial Manager for a specialty construction company, my company is extremely interested in the Boards project on revenue recognition and it is our desire to ensure that high-quality accounting for the construction industry is maintained.

We have significant concerns over how the new standard may be applied to our company and industry. The current guidance in the Exposure Draft for recognizing revenue at the “performance obligation” level presents significant challenges for us and carries the very real risk of adverse economic effects on our industry stemming from an inferior method of revenue recognition. The inherent subjectivity of the prescribed process for identifying and allocating revenue to performance obligations will lead to less consistency and transparency in the financial reporting process in the industry. The inherent subjectivity also opens to the door to financial engineering and outright manipulation. There are significant concerns in the surety community about any approach that diminishes consistency and increases subjectivity. As a result, surety credit will become marginally more difficult to obtain in the future in order to offset the risks associated with inferior accounting rules.

We believe the reason that the Boards are hearing negative feedback from the construction industry has to do with the fact that the proposed revenue recognition rules are divorced from economic reality and meaningful practical application.

Specifically, we request that the Boards recognize that in most cases, ALL construction activities for a given project are highly interrelated and have overall risks which are inseparable. Therefore, construction companies lack a basis for determining the price at which it would sell the components of a contract separately and as such characteristics of distinct profit margin will

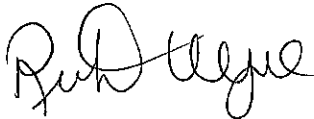
not be met (in most cases) and hence there are typically no more than a single performance obligation for most construction contracts.

We concur with the guidance in the Exposure Draft regarding continuous transfer and we believe it is appropriately reasoned.

While we appreciate the Boards efforts to create a single standard to apply to virtually all industries and transactions, we maintain a belief that the key principals of the proposed standard need to be interpreted in such a way to preserve the key tenets of SOP 81-1. Otherwise, the Boards run the very real risk of creating inferior accounting rules when applied to the construction industry.

Finally, we ask that private companies be given at least one additional year to comply with the proposed standard once it becomes effective for public companies.

Best regards,

A handwritten signature in cursive script, appearing to read "Richard Mague".

Richard Mague, *CCIFP*  
Chief Financial Officer  
Tower Glass Company, Inc.