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October 1, 2005

Letter of Comment No: 14
File Reference: FSP123R-B
Date Received:

Mr. Lawrence W. Smith
Director, TA&I - FASB
Financial Accounting and Standards Board
401 Merrit 7
P.O. Box 5116
Norwalk, CT 06856-5116
USA

File Reference No. FAS 123(R)-b and FAS 123(R)-c Re: Proposed FASB Staff Positions No. FAS 123(R)-b and FAS 123(R)-c

Dear Mr. Smith:

Deloitte & Touche LLP is pleased to comment on proposed FASB Staff Position No. FAS 123(R)-b, "Practical Exception to the Application of Grant Date as Defined in FASB Statement No. 123(R)" ("proposed FSP FAS 123(R)-b"), and proposed FASB Staff Position No. FAS 123(R)-c, "Transition Election Related to Accounting for the Tax Effects of Share-Based Payment Awards" ("proposed FSP FAS 123(R)-c").

We do not object to the issuance of proposed FSP FAS 123(R)-b and proposed FSP 123(R)-c as final FASB Staff Positions. However, we believe that the following aspects of proposed FSP FAS 123(R)-b would benefit from further clarification and revision.

Guidance on Modifications After Approval Date

Proposed FSP FAS 123(R)-b should provide explicit guidance on the accounting impact of a change in the key terms of an award when the change occurs between the approval date of the award and the date the award's key terms are communicated to the recipient. During its deliberations on proposed FSP FAS 123(R)-b, the Board concluded that such a change should be accounted for as a modification pursuant to the modification guidance in FASB Statement No. 123(R), Share-Based Payment. While one could argue that this concept is implicit in proposed FSP FAS 123(R)-b and that it was specifically addressed by the Board in its deliberations, we believe that explicit guidance will benefit constituents that did not follow all of the Board's deliberations.

Effective Date and Transition

We believe that proposed FSP FAS 123(R)-b should be applicable to entities that have already adopted Statement 123(R) immediately upon issuance of the final FSP (rather than at the beginning of the next reporting period). We believe that immediate application of proposed FSP FAS 123(R)-b is appropriate since it is being issued to provide for a "practical exception" and is consistent with the concept of mutual understanding that is already being applied in practice today.

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Deloitte & Touche LLP appreciates the opportunity to comment on the proposed FSPs. If you have any questions concerning our comments, please contact Jim Kroeker at (203) 761-3726.

Yours truly,

Deloitte & Touche LLP