

KPMG LLP 757 Third Avenue New York, N.Y. 10017 9th Floor Letter of Comment No: //
File Reference: FSP123R-B
Date Received:

September 29, 2005

Mr. Lawrence W. Smith, Director Technical Application and Implementation Activities Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, CT 06856-5116

RE: Proposed FASB Staff Position FAS 123(R)-b, "Practical Exception to the Application of Grant Date as Defined in FASB Statement No. 123(R)"

Dear Mr. Smith:

We agree with the Board's proposed guidance that the approval date should be used as the grant date when notification occurs within a reasonable period of time and the recipient is not able to negotiate the key terms of the award as expressed in the proposed FASB Staff Position FAS 123(R)-b, "Practical Exception to the Application of Grant Date as Defined in FASB Statement No. 123(R)." We believe that conclusion is consistent with the FASB staff's guidance on plan amendments to postretirement benefit plans (Question 23 of "A Guide to Implementation of Statement 106 on Employers' Accounting for Postretirement Benefits Other Than Pensions").

With respect to transition, however, we believe that companies that have adopted Statement 123(R) should be permitted to apply the guidance to grants made in periods for which financial statements have not yet been issued (e.g., grants made in the third quarter of 2005 for a calendar-year public company). The transition provisions of the proposed FSP indicate that companies are to apply the guidance in the first reporting period beginning after the date the FSP is posted to the FASB website (i.e., January 1, 2006). We believe companies that have adopted Statement 123(R) should be permitted to apply this guidance as soon as possible.



Mr. Lawrence W. Smith September 29, 2005 Page 2 of 2

If you have any questions about our comments or wish to discuss any of the matters addressed herein, please contact Mark Bielstein at (212) 909-5419 or Paul Munter at (212) 909-5567.

Sincerely,

KPMG LLP