

August 18, 2010

Technical Director,
File Reference No. 1840-100
Financial Accounting Standards Board
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We are providing our commentary on the Disclosure of Certain Loss Contingencies Exposure Draft (the ED). We understand and support the FASB's goal of ensuring that loss contingency disclosure adequately informs readers about the potential timing and magnitude of cash outflows associated with loss contingencies. In general, we do not support the ED primarily due to concerns about disclosure of prejudicial information for litigation related contingencies. With some relatively minor modification, we believe the existing disclosure provisions contained in ASC 450 and ASC 275 sufficiently address the needs of financial statement users. Our specific commentary on the ED is as follows:

- Many of the ED's provisions are already contained in existing GAAP. We recommend maintaining the existing disclosure requirements set forth in ASC 450 and ASC 275 with some modifications for the incremental disclosure of factual information that is publicly available such as that set forth in 450-20-50-1F paragraph c. of the ED.
- We do not support the ED because it could require the disclosure of prejudicial information with regard to litigation related loss contingencies. The proposed disclosure could result in the waiver of attorney/client privilege as recorded liabilities are estimates usually based upon legal counsel's advice and this would give opposing litigants an advantage in settlement discussions by revealing these loss estimates. The quantitative disclosure requirements in 450-20-50-1F paragraph e. and g. are particular provisions that could give rise to disclosure of prejudicial information. We do not believe the provisions permitting aggregation of claims will in many cases allow companies to avoid disclosure that could be damaging to their financial condition particularly in situations where a very limited number of material loss contingencies exist.

- We do not support the requirements for disclosure of remote loss contingencies because (a) it would give undue prominence to matters solely because they are asserted claims and (b) it would lead to an expansion of the quantity of disclosure at the expense of quality. Companies are subject to numerous risks to their future cash flows that are not attributable to asserted and remote loss contingencies (e.g. risks related to macroeconomic factors, regulatory changes, geopolitical risks, etc.). In this regard, a narrow requirement to disclose remote loss contingencies simply because they are asserted claims gives these matters undue prominence and an implied level of importance that is not justified. In addition, given the US litigation environment and the inherent high level of uncertainty with regard to the resolution of much litigation, we believe the current provisions in the ED will lead preparers to significantly expand disclosure of litigation matters with the potential effect being to divert a reader's attention from more salient risks, judgments, and estimates that are more likely to impact earnings and financial condition in the near term. We believe the concerns the Board is attempting to address are already sufficiently addressed within ASC 275 which requires disclosure of reasonably possible changes in estimates that may occur in the near term. Furthermore, for SEC registrants many of these kinds of risks would generally be disclosed in "risk factors" set forth outside the basic financial statements.
- If the ED were to be enacted in its current form we believe an exemption for prejudicial information would be necessary to avoid exposing companies to material economic loss. However, we believe such an exemption would be subject to broad interpretation and thus would likely not be applied in a uniform fashion in practice. For this reason, we have provided our recommendation above which focuses largely on maintaining existing GAAP.
- While we oppose the tabular reconciliation requirements due to the prejudicial concerns
  discussed above, if this requirement were to be retained we believe it should be limited
  to an annual basis (similar to the requirement related to unrecognized income tax
  benefits) with supplemental narrative disclosure required in an interim period if
  material activity has occurred in the accruals. We believe quarterly tabular presentation
  of activity is unnecessary.
- If the ED were to be enacted in its current form we believe the adoption date for public
  companies should be no earlier than the first fiscal period beginning after December 15,
  2010 in order to allow SEC registrants sufficient time to develop the reporting
  enhancements that will be necessary including consideration of the requirements related
  to Section 404 of the Sarbanes Oxley Act.

We believe any disclosure requirements enacted for public companies should apply
equally to private companies. We do not believe US GAAP should define different
standards for public and private entities as it erroneously presumes the needs of users
are fundamentally different depending upon the manner in which a company chooses to
finance itself.

Thank you for providing us the opportunity to comment. We encourage the FASB to carefully consider and weigh the value of incremental disclosure in relation to the economic cost to companies that may arise in litigation if these disclosure requirements are enacted.

Very truly yours,

Edward A. Wiertel

Vice President and Corporate Controller