October 13, 2003

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

Re: Proposed FASB Staff Position (FSP)

We are pleased to respond to Proposed FSP FIN 46-d, "Treatment of Fees Paid to Decision Makers and Guarantors as Described in Paragraph 8 in Determining Expected Losses and Expected Residual Returns of a Variable Interest Entity under FASB Interpretation No. 46, Consolidation of Variable Interest Entities" (the "Proposed FSP").

We support the issuance of the Proposed FSP. However, we have the following comments:

- We do not believe that a fixed (in dollar amount) **paragraph 8 fee** that will absorb no losses in any of the estimated outcomes is a variable interest, as is indicated at the end of the first page of the Proposed FSP. Paragraph 2(c) of Interpretation 46 defines a variable interest as "contractual, ownership, or other pecuniary interests in an entity that change with changes in the entity's net asset value." A fixed fee will not change as the entity's net asset value changes because it is fixed.

- We believe a **paragraph 8 fee** should only be added back to the net outcome of a variable interest entity for purposes of developing the estimates of the entity's net income or losses to be allocated to variable interest holders if the fee is a variable interest (e.g., the fee is subject to variability in amount, either because the fee is a percentage of the entity's results or it is a fixed dollar amount subject to potential credit risk).

- The meaning of the phrase "or distributions to other variable interest holders" at the end of the last paragraph on page 6 is unclear. Does it mean interest payments on debt (fixed or variable rate) that is a variable interest in the entity should be added back for purposes of determining the cash flows available to variable interest holders? We believe the final FSP should clarify that point.
We would be pleased to discuss any of our comments with the Board or the FASB staff. Please direct your questions or comments to Joe Graziano at (732) 516-5560 or Jeff Ellis at (312) 602-8991.

Very truly yours,

Grant Thornton LLP