October 28, 2005

Technical Director – File Reference 1204-001
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

RE: File Reference No. 1204-001: Business Combinations, a replacement of FASB Statement No. 141

The Stanley Works ("Stanley") appreciates the opportunity to respond to the proposed Statement of Financial Accounting Standard identified above. Stanley is a worldwide supplier of tools and security solutions with reported 2004 sales of $3 billion. We compliment the Financial Accounting Standards Board and the International Accounting Standards Board for the coordinated work they have performed on this project and overall continued efforts to improve financial reporting and transparency within the global capital markets.

Our responses to the questions asked in the Notice to Recipients are as follows:

Question 1: Are the objective and the definition of a business combination appropriate for accounting for all business combinations? If not, for which business combinations are they not appropriate, why would you make an exception, and what alternative do you suggest?

We believe the Board's definition of a business is appropriate for all business combinations. Even though business combinations may be structured in many different forms, we believe the substance of such transactions are essentially the same. As such, the accounting for similar transactions should be based on one methodology in order to improve reliability, comparability and transparency.

Question 2: Are the definition of a business and the additional guidance appropriate and sufficient for determining whether the assets acquired and the liabilities assumed constitute a business? If not, how would you propose to modify or clarify the definition or additional guidance?

We believe the Board's definition of a business and additional guidance included in Appendix A is sufficient and an improvement over the definitions provided in EITF Issue No. 98-3, “Determining Whether a Nonmonetary Transaction Involves Receipt of
Productive Assets or of a Business,” and FASB Interpretation No. 46 (revised December 2003), Consolidation of Variable Interest Entities.

**Question 3:** In a business combination in which the acquirer holds less than 100 percent of the equity interests of the acquiree at the acquisition date, is it appropriate to recognize 100 percent of the acquisition-date fair value of the acquiree, including 100 percent of the values of identifiable assets acquired, liabilities assumed, and goodwill, which would include the goodwill attributable to the noncontrolling interest? If not, what alternative do you propose and why?

We believe the full fair value of the identifiable assets and liabilities in such transactions should be recorded, but not a grossing up of goodwill. One practical impact of this change to current guidance entails a grossing up of the balance sheet whereby goodwill will exceed the fair value acquired and equity will reflect the minority interest at the acquisition date. We see no compelling reason or theoretical justification for this change; however it is not a matter of great concern to our company. We recognize Appendix A provides helpful guidance on acquisitions on the potential complexities of accounting for less than a 100 percent interest.

**Question 4:** Do paragraphs A8-A26 provide a sufficient guidance for measuring the fair value of an acquiree? If not, what additional guidance is needed?

We believe that paragraphs A8-A26 provide valuable guidance for measuring the fair value of an acquiree. Although, the broad principles make sense theoretically more specific discussion should be included for determining fair values for the various types of asset and liability classes in order to provide consistency in application. For example, there is no longer any guidance either in the main body or Appendix A of the proposed statement on how to determine the fair value of finished goods inventory, WIP inventory, or fixed assets held for use as was specified in paragraph 37 of FASB Statement No. 141, Business Combinations.

We believe the guidance should be made more specific with regard to contingent liabilities and other items where it is difficult to obtain objective evidence of fair value or to perform a meaningful valuation using FAS Concepts 7 guidance (e.g. weighted average approach that is judgmental). In particular we strongly believe the valuation of contingent liabilities, such as legal or environmental exposures, where it is very difficult to compute a reliable and relevant measure of fair value should follow FAS 5 and that later changes in accounting estimates based on evolving facts and circumstances that did not exist at the acquisition date should be recognized in earnings. If instead the guidance remains vague and “principals based” in this regard it will result in “fair values” that are inconsistent in application for such contingent liabilities being recorded in purchase accounting, when the exposures do not meet the probable and estimable criteria. The complications for later accounting are concerning – presumably if a reasonably possible exposure was ascribed a fair value it is quite likely that in later periods the reserve would be removed and recorded in earnings. In theory reasonably possible exposures do have a
fair value because a third party would not assume them without compensation, but when there is no reliable market or other measure for that fair value the item does not meet the definition of a liability and it should not be recorded in purchase accounting (inconsistent with the conservatism principle). It is important that the accounting for acquisitions in its quest for the purity of fair value does not create situations where it is impracticable to apply other authoritative literature in periods following finalization of purchase accounting – if it is not possible to determine a relevant, reliable fair value at the acquisition date (and measurement period) other accounting guidance should be applied. For example we agree with the conclusion that FAS 87 pension guidance shall continue to be applied in purchase accounting because it is impractical to do otherwise, and we believe the same is true for certain exposures that should be valued under FAS 5 and FIN 14. Accordingly there should be guidance on recording liabilities when it is impracticable to determine fair value reliably. Assets are much easier in that if there is no reliable evidence of fair value the asset should not be recorded and we think the guidance provided for valuation of assets, aside from the inventory matter mentioned above, is generally adequate.

Similarly we believe the board should reconsider the accounting for contingent consideration in the exposure draft. When two parties agree in an arms-length transaction to a contingent consideration arrangement it is generally evidence that there is difficulty in determining fair value and the parties have therefore agreed that additional information (on which the contingent consideration is based) is required before arriving at the final fair value. In other words the parties have contractually acknowledged the fair value of the exchange is not determinable or final until the occurrence of future events that will affect it. Contingent consideration clauses are excellent evidence that the exchange transaction is not final and accordingly later adjustments to the contingent consideration liability should generally affect goodwill and not earnings. Example 10 in Appendix A paragraphs A81-A83 illustrates this point – when the contingent consideration is decreased by the amount associated with settlement of a legal exposure it is evidence that the parties could not agree on a reliable measure of fair value for that exposure and that is why a subsequent adjustment to the purchase price regarding resolution of the uncertainty was negotiated by the parties in the arms length contract.

**Question 5:** Is the acquisition-date fair value of the consideration transferred in exchange for the acquirer’s interest in the acquiree the best evidence of the fair value of that interest? If not, which forms of consideration should be measured on a date other than the acquisition date, when should they be measured, and why?

We agree with the Board’s conclusion that the acquisition-date fair value of consideration transferred in exchange for the acquirer’s interest in the acquiree is the best evidence of the vast majority of the fair value of that interest. However please refer to our response to question 7 for a discussion of other consideration, beyond that paid directly to the seller, that we believe should be included in measuring the fair value of an acquisition.
Question 6: Is the accounting for contingent consideration after the acquisition date appropriate? If not, what alternatives do you propose and why?

We do not concur with the Board's conclusion in regard to accounting for contingent consideration after the acquisition date. Please refer to the response to Question 4, in particular the last paragraph, for the reasons therefore.

Question 7: Do you agree that the costs that the acquirer incurs in connection with a business combination are not assets and should be excluded from the measurement of the consideration transferred for the acquiree? If not, why?

We respectfully disagree with the view that the external cash outflows that the acquirer incurs in connection with a business combination should be entirely excluded from the fair value measurement of the consideration transferred for the acquiree. We believe the board should provide specific guidance regarding the type and timing of amounts that should be capitalized as part of the purchase transaction because they were necessary to get the assets (i.e. the business acquired) in place and functioning. Examples of acquisition cash flows that should be included in the fair value of the business acquired, because they are integral to the transaction, include legal, audit and valuation fees. Bifurcation of such costs from the purchase price paid to the acquired entity does not represent the true economic substance or fair value of a business combination transaction. While most due diligence costs are expensed as incurred, certain external cash outflows, particularly those incurred concurrent with the acquisition or shortly thereafter, are an integral part of the business combination investment and therefore are part of an asset (business) acquired that should not be bifurcated. Such transactions with third parties closely related to the acquisition are entered into in conjunction with the purchase price paid to the acquired company to obtain future cash flows to recover the entire investment. Since these costs are external, there is a reliable indication of fair market value and certain such costs should be included in the determination of the fair market value of the business acquired.

Cash flows to third parties that are necessary to consummate a business combination should clearly be capitalized, just as sales tax paid to acquire a fixed asset is capitalized even though the amount is disbursed to a governmental authority rather than the seller. Such items are included in the economic models of the transactions that are submitted to senior management and board of directors for approval and are viewed, along with consideration paid to the seller, in total as the cost (fair value) of the acquisition. The cash outflows are considered by the decision makers when determining the purchase price they are willing to offer – essentially the purchase price is being disbursed primarily to the seller and to a minor extent to other third parties to get the acquired business in place and functioning in the buyers operations. Therefore, in order to properly account for a business combination at fair value, we believe such costs need to be reflected in the purchase price consideration.
Furthermore, we note that other current authoritative guidance does not bifurcate between certain up-front cash outflows associated with similar investments. In particular, incremental and direct costs incurred to acquire contracts under paragraph 4 of FASB Technical Bulletin 90-1, Accounting for Separately Priced Extended Warranty and Product Maintenance Costs and direct loan origination costs under paragraph 6 of FASB Statement No. 91, Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Cost of Leases are not expensed as incurred; rather such cash outflows are considered as a related asset in conjunction with the contract/loan asset due to the future cash flow generation of such contracts or loan originations. We believe those types of arrangements are consistent with acquisition related costs associated with a business combination investment. Furthermore, we can not analogize characterizing due diligence costs as a “post-combination expense” when such costs are incurred prior to the acquisition consummation and are only incurred as a result of the business combination transaction.

Similarly, the cash flows associated with restructuring plans that were developed in due diligence and directly pertain to achieving the future cash flows from the acquisition are an integral part of the business investment. The realization of synergies from restructuring and integrating a business has a direct bearing on the value of the acquisition, and is virtually always a key matter in the decision process to make the acquisition. Although the cash outflows related to closure of facilities and termination of redundant employees occur subsequent to the acquisition date they are nonetheless contemplated directly prior to the consummation and are an inherent part of the decision to make the acquisition, as they are necessary to generate the future cash flows of the integrated business. Such restructuring cash flows are required to get the assets (business acquired) in place and functioning. Accordingly, the expected cash flows for restructuring actions identified in due diligence should be included in the fair value exchanged for the acquisition so long as the actions are completed in a reasonably short time following the acquisition. The parameters of the restructuring plan should be clearly identified in due diligence (i.e. at the acquisition date) in order to qualify for recognition in purchase accounting.

Expensing all items as incurred, despite evidence that they are direct costs of the acquisition, undervalues the acquisition. It would create volatility in earnings that is not a reflection of the economic substance of the transaction and would be a disservice to financial statement users. In addition, as a practical matter, such an over-simplified approach would have a chilling effect on the mergers and acquisitions activities in the market-place because companies will not want such volatility in their earnings given that it would not be reflective of the matching principle. One possibility to address this matter, though it is not necessarily our preference, is to require acquisition related costs to be recognized as a separate asset (i.e. not part of goodwill) that would require amortization over a time period not to exceed ten years or some other reasonably determined period.

We agree with the Board’s view that inconsistency in practice has developed in relation to the accounting for cash disbursed to parties other than the seller in acquisitions.
Accordingly we recommend the Board develop more concrete principles as to what type of incremental and direct costs should be included in the purchase price allocation and what items should be expensed as incurred.

**Question 8:** Do you believe that these proposed changes to the accounting for business combinations are appropriate? If not, which changes do you believe are inappropriate, why, and what alternatives do you propose?

Please refer to our responses to questions 4 and 7 in addition to the following comments.

Receivables are already valued at fair value in purchase accounting. The use of a valuation allowance to arrive at the net fair value is a practical necessity in administering subsequent accounting. The receivables subsidiary ledger should continue to reflect the original invoices which the customer owes and it is impractical (in terms of software) and unnecessary to directly adjust the subsidiary ledger. We do not understand why the board would prescribe that valuation accounts not be used when it has no accounting impact but is simply an administrative requirement.

We respectfully disagree with the Board’s conclusion that cash outflows associated with an exit plan of the acquired company should not be included in the purchase price allocation. In many business combinations, exit plans of the acquired company and the resulting synergies, are the primary drivers of entering into the transactions. Similar to acquisition costs, such plans are developed by management and presented to the company’s board of directors as an integral part of the final purchase authorizations. Such a process demonstrates the cash outflows are a fair value element of an acquisition as many of these transactions would not be entered into were it not for these synergies. Since these cash flows are direct and incremental to the acquisition, and actually drive the decision to enter into the transaction, the cash flows need to be considered in determining the fair value of the acquired company. Accordingly, the economic substance of exit plans should be included in the purchase price allocation as it represents, in substance over form, an assumed liability of the acquiring entity that is consistent with the overarching objective of recording the transaction at fair value.

This view is consistent with paragraph 29 of the proposed standard which states the following:

"The assets and liabilities the acquirer recognizes as part of the business combination may include assets and liabilities the acquiree had not recognized previously in its financial statements. For example, the acquirer often recognizes the acquired identifiable intangible assets that were internally developed by the acquiree and did not meet the criteria for recognition in the acquiree’s financial statements...."

We do not believe it is transparent to exclude liabilities that are a direct result of entering into the acquisition in the new combined entity’s basis, but assign value to intangible assets that were not previously recorded. We believe it is fundamentally inconsistent to exclude the cost of acquisition related exit plans in the purchase price allocation which will derive benefits not previously existing at the acquired company, yet include
previously unrecognized assets in such allocation that arise solely as a result of the business combination transaction. We believe the Board should address this inconsistency.

However, similar to the issues discussed in question 7, we agree with the Board’s view that inconsistency in practice has developed in relation to exit and restructuring costs. Thus, we recommend the Board develop concrete guidance with regard to the type of exit costs that should be included in the purchase price allocation as opposed to expensed as incurred. An example specific to exit costs would be only allowing cash outflows incurred that were based on plans developed prior to acquisition consummation to be included in the purchase price allocation.

**Question 9:** Do you believe that these exceptions to the fair value measurement principle are appropriate? Are there any exceptions you would eliminate or add? If so, which ones and why?

We believe the exceptions to the fair value measurement discussed in the proposed standard are appropriate. We recommend another exception for contingent liabilities that are not possible to estimate reliably. Such items should be accounted for in accordance with FAS 5 as detailed in our response to Question 4.

**Question 10:** Is it appropriate for the acquirer to recognize in income any gain or loss on previously acquired noncontrolling equity investments on the date it obtains control of the acquiree? If not, what alternatives do you propose and why?

We do not have a strong opinion on this topic. We believe the purchase price for the acquisition of a controlling interest might in some circumstances indicate that a loss should be recognized on the previously established asset for the non-controlling interest. However we question that gain recognition would ever be appropriate since it would appear realization has not occurred.

**Question 11:** Do you agree with the proposed accounting for business combinations in which the consideration transferred for the acquirer’s interest in the acquiree is less than the fair value of that interest? If not, what alternative do you propose and why?

In the abstract, we agree with the Board’s conclusion with the proposed accounting for business combinations in which the consideration transferred for the acquirer’s interest in the acquiree is less than the fair value of that interest (a bargain purchase), except that we do not believe gain recognition is appropriate. To determine that the fair market value for an acquired company is higher than what the buyer accepted as a purchase price there should be evidence that other potential buyers were unable to bid, otherwise the purchase price is indicative of fair value even when the sale is under duress. We believe the example detailed in paragraph 59 of this proposed standard of a buyer acting in a forced sale should be further clarified to avoid potential future abuses. Due to estimates inherent in the purchase accounting process we believe that the write-down of assets below their
estimated fair value is more appropriate than gain recognition because there has not been a culmination of an earnings process to justify recognition of a gain. Thus, we believe in such cases the purchase price allocation should be reduced for all assets acquired on a weighted average basis with no goodwill being recorded (i.e., the purchase price allocation has to be assumed to be incorrect), or in extreme cases the recognition of negative goodwill. In our opinion, it makes no sense to record a gain on a business combination until the business is either sold or held for sale. Such analogy is similar to the acquisition of any other long lived asset.

While we recommend that the Board reconsider the conclusions described in the proposed standard, if through redeliberations the Board retains its current decision, we ask that the Board provide more examples of when such a situation could occur.

**Question 12:** Do you believe that there are circumstances in which the amount of an overpayment could be measured reliably at the acquisition date? If so, in what circumstances?

Consistent with our response to question 11, we believe the best evidence of fair value is the amount paid by the acquiring company for the interest purchased. We believe it would be very difficult to measure an overpayment reliably at the acquisition date and that recognition of a gain is inconsistent with the conservatism principle when it can't be objectively demonstrated that realization has occurred. What benchmark would be utilized to determine what a "proper payment" would be (it would be highly subjective)? Such a notion is further complicated by the fact that certain companies are willing to pay more or less than other companies based on company specific synergies that the potential deal would generate. The end result of negotiations is the culmination of various marketplace participants’ views and assumptions which evidence fair value. Even when there is a situation of duress in which typical market participation did not occur in a normal bidding process, no gain recognition should occur.

**Question 13:** Do you agree that comparative information for prior periods presented in financial statements should be adjusted for the effects of measurement period adjustments? If not, what alternatives do you propose and why?

We respectfully disagree with the Board’s conclusion. The purchase price allocation is susceptible to estimates based on information that is often preliminary or not fully available as of a particular reporting period. A change in the purchase price allocation is a change in estimate which should be accounted for on a prospective basis. It should not be treated as the correction of an error since there was no error as the previous periods were reported based on the best estimates available at that time. If we adjusted a previous period’s reported purchase price allocation, which was based on the best information available at that time, for a change in estimate, we believe there would be a disconnect between how change in estimates are applied to other current authoritative guidance such as FASB Statement No. 146, *Accounting for Costs Associated with Exit or Disposal Activities*, FASB Statement No. 5, *Accounting for Contingencies*, etc.
Also, new internal reporting mechanisms would have to be developed and monitored to ensure changes to previously issued financial statements are correct. Even though such processes and internal controls are in place for many companies, the frequency of such changes will drastically increase if purchase accounting allocations are subject to such requirements due to the high volume of business combination transactions. Quite frankly it would create chaos in financial reporting that would be a grave disservice to users of financial statements.

We do not believe restatements of past periods for a change in estimate is what financial statement users want. To the extent that such a change was extremely material to the previous financial statements it would likely indicate an error had been made and under correction of error literature restatement would then be required. There has been an unwelcome recent trend in adopted or proposed accounting literature to restate past results for items that are not material. An example is the discontinued operations reporting requirements under SFAS 144 which can require restatement for minor business dispositions so long as they meet the definition of a “component of an entity”. Our investors have provided negative feedback on the restatements resulting from application of SFAS 144 as they find it confusing to have previously reported results changed. We observe that if comparability is needed for analysis this can be accomplished through footnote disclosure with far less disruption. We implore the board not to create additional standards that will entail frequent restatements for items that are not material as it is confusing to financial statement users and entails considerable control risk in financial reporting.

Most importantly, we do not believe such additional disclosure would make a material difference to users of financial statements, since paragraph 58 of FASB Statement No. 141 already requires material subsequent purchase accounting adjustments to be disclosed. Further, Management’s Discussion and Analysis in Form 10-Q and Form 10-K require material changes in estimates as well as other non-recurring items to be discussed. As such, we believe such restatements would not provide useful information, would not meet the cost benefit test, and financial statement users are already provided with full disclosure on the changes in estimates that occur in purchase accounting.

**Question 14:** Do you believe that the guidance provided is sufficient for making the assessment of whether any portion of the transaction price or any assets acquired and liabilities assumed or incurred are not part of the exchange for the acquiree? If not, what other guidance is needed?

We believe the guidance provided the Board is sufficient for making the assessment of whether any portion of the transaction price or any assets acquiree and liabilities assumed or incurred are not part of the exchange for the acquiree. We understand this area of the proposed standard requires significant judgment in application. However, we believe the Board has provided useful high level principles discussing the proper accounting for such transactions and has also provided detailed examples portraying the application of such principles. As such, we believe preparers should be able to properly account for such
transactions based on the guidance in this proposed standard subject to our comments in response to the other questions.

**Question 15:** Do you agree with the disclosure objectives and the minimum disclosure requirements? If not, how would you propose amending the objectives or what disclosure requirements would you propose adding or deleting, and why?

We do not object to the disclosure requirements and believe they are relatively consistent with what responsible practice under existing guidance would require anyway.

**Question 16:** Do you believe that an intangible asset that is identifiable can always be measured with significant reliability to be recognized separately from goodwill? If not, why? Do you have any examples of an intangible asset that arises from legal or contractual rights and has both of the following characteristics?

- The intangible asset cannot be sold, transferred, licensed, rented or exchanged individually or in combination with a related contract, asset or liability
- Cash flows that the intangible asset generates are inextricably linked with the cash flows that the business generates as a whole?

We support the Board's conclusions on this topic. The application of accounting methodologies is based on estimates which exist in all accounting literature. Estimates can be viewed as management's reasonable assessment of the possible outcome of a situation based on uncertainties that exist and are not absolute in nature. As such, if an intangible asset, based on its definition, can be identified to be separable or based on a legal or contractual right, we believe a reasonable estimate can be developed with reasonable reliability.

**Question 17:** Do you agree that any changes in acquiree's deferred tax benefits that become recognizable because of the business combination are not part of the fair value of the acquiree and should be accounted for separately from the business combination? If not, why?

We understand the board's rationale and observe that the favorable result of a previously existing valuation allowance on a deferred tax asset does not entail any exchange with a third party unless you consider the taxing authority to be the third party. However, we believe the ability of the acquirer to reverse significant tax valuation allowances (i.e., realize tax cash inflows that otherwise would not be realizable) could be a synergy in an acquisition that might be material to the decision to make the acquisition and thus should be included in the purchase price allocation. Further the guidance prescribed is inconsistent with the conservatism principle. We do not have a strong opinion on this topic but we are not convinced this proposed change makes sense.
Question 18: Do you believe it is appropriate for the IASB and the FASB to retain those disclosure differences? If not, which of the differences should be eliminated, if any, and how should this be achieved?

In the interest of global transparency, we believe the boards should strive to eliminate disclosure differences. However, we believe the standards will largely converge and it is not critical to resolve minor disclosure rule differences at this time.

Question 19: Do you find stating the principles in bold type helpful? If not, why? Are there any paragraphs you believe should be in bold type, but are in plain type, or vice versa?

We did not notice a difference in relation to our understanding of the proposed statement due to the principles being included in bold type as the overview section contained in this proposed statement, as well as overview sections contained in other proposed authoritative literature, usually adequately describe the main principles of the applicable guidance. However, the bold type is not distracting and may be useful to some readers. We appreciate the effort to emphasize certain overarching points in the guidance.

Other:

Rather than referring to other authoritative guidance, we believe the proposed standard should clearly define all of the key terms as it did for the fair value definition. This would make reference and understanding of this proposed standard easier for preparers and other users. It is often inefficient to refer to other authoritative guidance when researching a particular topic.

Consistent with above, please specifically define the conditions as to identification of the acquirer in paragraph 11 instead of just referring to other authoritative guidance.

We respectfully disagree with the proposed statement's elimination of contra accounts utilized in determining fair value. We note that contra accounts are used as an effective bookkeeping tool for distinguishing amounts in accounting systems from the underlying transactional systems. For example, under the proposed standard, use of a bad debt reserve would not be allowed, which would force an adjustment to the gross receivable account. However, a typical order to cash system automatically records a receivable at the time of shipment which includes the full invoice amount in the subsidiary ledger. Management then records adjustments to properly fair value its accounts receivable balance in a contra account for financial reporting purposes, but maintains information as to the invoice in its transactional system in order to operate the business. We believe the use of a contra account achieves the fair value objective equally as booking the adjustment to the gross receivable balance and provides better control over such fair value adjustments as they are more visible in a contra account. Also, there would be an inconsistency in accounting for business combinations compared to organic operations where contra accounts would still be utilized.
In summary, we appreciate the Board's effort and rigor in its aim to improve financial reporting and its continued effort with the International Accounting Standards Board to develop global accounting standards which will improve comparability, transparency and consistency across geographic markets and borders. However, we believe that certain suggested changes do not adequately reflect the nature and fair value of a business combination transaction. In particular, we strongly object to the following proposed changes, as we do not believe the suggested accounting mirrors the transaction and we believe in a set of accounting standards that thoroughly report the economic substance of transactions:

1. All acquisition costs not being included as part of the purchase price allocation;

2. All acquired company exit costs not being included as part of the purchase price allocation.

As discussed in our comments for the two points listed above, we recommend the Board re-focus its efforts to improve the guidance already contained in the "purchase method" as described in FASB Statement No. 141 and guidance included in Emerging Issues Task Force 95-3 and develop more concrete principles to improve consistency and accuracy in application. A business combination represents an investment which should be reported at fair value, and certain cash outflows associated with that investment need to be reflected in the determination of the investment's fair value basis - the accounting should be determined on the substance of the transaction and not based on perceived abuses in application nor a desire to merge U.S. standards with international standards with less theoretical merit.

Stanley appreciates the opportunity to comment on the proposed standard and appreciates the Board's consideration of our views during further deliberations. If you have any questions regarding our comments or would like further information, please contact Joseph Radziewicz, Technical Accounting Manager at (569) 827-3583.

Sincerely,

Donald Allen
Vice President and Corporate Controller