

July 8, 2006



LETTER OF COMMENT NO. 2

Director, TA&I-FSP
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

**Proposed FASB Staff Position No. 123(R)-e
"Amendment of FASB Staff Position FAS 123(R)-1"**

We appreciate the opportunity to comment on the Proposed FASB Staff Position No. 123(R)-e, "Amendment of FASB Staff Position FAS 123(R)-1." We support the issuance of a final FSP based on the guidance described in the proposed FSP. We believe that the proposed FSP will eliminate a source of confusion in accounting for FASB Statement No. 123(R), *Share-Based Payment*, as it relates to modifications in connection with equity restructurings and business combinations.

Although we support the proposed guidance, we believe the proposed language in paragraph 5(a) of FSP FAS 123(R)-1 which states "or change in the terms of the award is not made in contemplation of an equity restructuring or business combination" is unnecessary. For example, if a company modified an award to add antidilution protection that was not otherwise provided and an equity restructuring was contemplated at the time of the change, then the change to the terms of the award would likely impact the fair value of the instrument. Any change in the fair value of the instrument following the addition of antidilution protection would fail the "no increase in value to the holders" restriction that also is proposed to be added to paragraph 5(a) of FSP FAS 123(R)-1.

We would be pleased to discuss our comments with the Board members or the FASB staff at your convenience.

Very truly yours,

