



LETTER OF COMMENT NO. 234



August 8, 2008

Mr. Robert H. Herz
Chairman
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: File Reference No. 1600-100; Proposed Statement of Financial Accounting Standards, *Disclosure of Certain Loss Contingencies an amendment of FASB Statement No. 5 and 141(R)*

Dear Mr. Herz:

We appreciate the opportunity to comment on the FASB's Proposed Statement of Financial Accounting Standards, *Disclosure of Certain Loss Contingencies an amendment of FASB Statement No. 5 and 141(R)*. We fully support the FASB's continuing efforts to issue standards that are more principles-based and provide the necessary frameworks to companies so that they are able to prepare transparent disclosures in the financial statements. With that said, we believe that the guidance that FAS 5 provides in its current form as a principles-based standard is effective and that the proposed amendments will do more harm than good.

We have a number of significant concerns regarding the proposed statement from a principles standpoint. First, we believe that the proposed tabular presentation may be confusing to investors. As the litigation area is subject to many assumptions, we feel it may be misleading to provide the maximum exposure of each claim. Additionally, we are concerned that providing information regarding the potential settlement of a matter will, in fact, be detrimental to shareholders. Since litigation is driven by the unique facts and circumstances of each case, the disclosure of information in the financial statements could jeopardize a company's ability to resolve a claim at the lowest amount possible. This result would be at odds with the shareholders' best interests as it could negatively impact a company's financial statements and potential cash payout. While we understand the desire to provide more transparent information to shareholders, we believe investors are better served by the current FAS 5 standard together in conjunction with other applicable SEC regulations. As FAS 5 is applied today, management, based upon the

Mr. Robert H. Herz
Chairman
File Reference No. 1600-100
August 8, 2008
Page 2

best information available, makes a determination as to the probability that a claim will yield an unfavorable outcome. This process requires due care and careful consideration of all facts and circumstances, consultation with internal and external counsel and estimation of the amount of potential loss. Based upon this analysis, management decides what disclosure is required in the financial statements and discloses the information in a manner that will enhance the reader's understanding of the item.

We agree that the scope of the proposed statement should include loss contingencies as well as those that arise from business combinations as the nature of the items would be subject to similar judgment processes by management.

Although paragraph 11 of the proposed statement does provide, for the disclosure of *aggregated information regarding a contingency that may be prejudicial*, the expectation that this exemption will be used rarely does not take into account the fact that the disclosure of such information will almost always be prejudicial. Furthermore, the disclosure of such information may give away key aspects of a company's legal strategy and erode attorney-client privilege, both of which would further harm shareholders' interests.

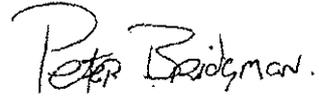
We also have a number of practical concerns about the implementation of the proposal. First, we believe that the proposal will significantly increase compliance costs and be unduly burdensome for multi-national companies like ours. We are also concerned about the December 15, 2008 timing for the implementation of the proposed amendments. In response to the Board's inquiry whether we believe it is operational for entities to implement the proposed standard in the suggested timeframe, we are quite concerned about the amount of work that will need to be done in order to comply. As a multi-national corporation operating in over 200 countries, this standard would require us to significantly revamp our field instructions and the processes and systems needed to gather such data. In addition, FAS 141(R) will be effective for us beginning with our 2009 fiscal year. We believe that the FASB should address the inconsistency in the effective dates between FAS 141(R) and this proposed standard. Finally, we are concerned about the "auditability" of the required information. We do not believe that the lawyers' response letters to audit inquiries will provide sufficient evidence for the auditors to corroborate management's determinations of amounts disclosed in the tabular rollforward or the text of the footnote disclosure, or if they do, the disclosure of such information may result in a waiver of the attorney-client privilege as discussed above.

We ask that the FASB reconsider the issues raised with respect to the proposed standard and whether the potential benefits of the changes to investors are outweighed by the potential harm.

We would be pleased to discuss our comments or answer any questions that you may have. Please do not hesitate to contact me at (914) 253-3406.

Mr. Robert H. Herz
Chairman
File Reference No. 1600-100
August 8, 2008
Page 3

Sincerely,

A handwritten signature in black ink that reads "Peter Bridgman". The signature is written in a cursive style with a large, prominent initial "P".

Peter A. Bridgman
Senior Vice President and Controller

cc: Richard Goodman, Chief Financial Officer
Marie T. Gallagher, Vice President & Assistant Controller