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July 9, 2008

Ms. Florence E. Harmon
Acting Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

File Number 4-560

Dear Ms. Harmon,

We would like to take this opportunity to comment on the challenges associated with fair value accounting in connection with the SEC's review of Fair Value Accounting Standards. We are providing the perspective of a global manufacturing company and not of a financial institution.

Overview

We agree that fair value accounting is appropriate for financial instruments where quoted prices in active markets are available, such as stocks and exchange traded currency and commodity contracts. We even accept ad hoc fair valuations in connection with one-off specific transactions, such as acquisitions. However, fair value measurement of routine transactions is not appropriate based on Level 3 inputs (and perhaps Level 2 inputs). The time, costs and systems necessary to routinely account for thousands of transactions at fair value when market prices are not readily available is not only excessive, but is not operational.

We are frustrated by the operational challenges resulting from the expansion of fair value in accounting in recent years and question the relevance and value of its use in aiding investors to project future cash flows. FASB Chairman, Robert Herz, expressed well our frustration with fair value in connection with his observations regarding providing guidance on valuing liabilities: "I personally believe we are getting to hypothetical things that don't have any grounding in reality. We're forcing people to do mental gyrations in parallel universes. I think this is less relevant, more costly ..." We also are frustrated as more and more voluminous disclosures are required for these standards as readers of the financial statements cannot understand the ever complex accounting required.

Fair Value Accounting

While we recognize the need to have fair value studies prepared on an ad hoc basis, such as for business combinations, we do not believe anyone has developed the ability to continuously determine the fair value of all the assets and liabilities of the business on an ongoing basis for assets and liabilities where a ready market does not exist. Yet, this seems to be the path on which the FASB continues. We believe this is leading to standards that are not operational, similar to the problems experienced with FAS 133 which is currently under review for that very reason. Our concern is that accounting standards are becoming too academic requiring investment of time and money with questionable value added in order to adhere to theoretical concepts rather than providing useful information.

When there is no history or market for exchanges between third parties, the determination of fair value can and does vary widely. For many assumptions, there are often a range of possibilities, each with arguable positions. Since there are no observable market place transactions, these values can never be verified. The methodology, which typically takes several months to conclude, includes determining "hypothetical" market participants, projecting cash flows, calculating the present value of those cash flows using an appropriate discount rate and then making judgments about value. How is it possible to routinely update this analysis for perhaps thousands of unique transactions? It just is not operational.

The FASB continues to incorporate the fair value concept into more standards without relevant markets to objectively determine these values and without systems and tools for businesses to use. We believe this leads to accounting that is not representationally faithful of the economic performance of the business, nor reliable or verifiable.

Pursuant to Concept Statement No. 1, the primary focus of financial reporting is to provide information about earnings and its components that are useful in making business and economic decisions, not to measure directly the value of a business. CON 1 also states that although financial reporting provides basic information to aid investors, creditors and others, these users of the information do their own evaluating, estimating, predicting and assessing. Because of these issues and the questionable value of fair value accounting to financial statement users, we urge the Commission and FASB to refrain from expanding the use of fair value in accounting beyond current practice.

Practical Challenges

We believe fair value measurement is being applied to many areas where it is not practical. For example, FAS 141R, FAS 142, FAS 143 and FAS 159 require fair value estimates for items we do not believe lend themselves to such treatment initially or highlight the problems of trying to continuously update fair values of assets and liabilities after their initial valuation. Particularly, when the liability amount recorded does not reflect the amount that is ever expected to be paid.

Customer Relationships

Customer relationships under FAS 141R is a good example. A customer relationship that is not separable from the business has no observable history of exchanges between third parties. Therefore, a company engages an "expert" to develop an estimate of fair value of the customer relationship. The valuation expert interviews people from various functional areas of the company and will perform extensive procedures, but the assumptions used could vary from another company in the same industry who may have used a different expert utilizing different assumptions and judgments. The result is that the fair value amounts are questionable and can never be confirmed by similar market place transactions.

Our experience is that these amounts and the amortization of these amounts are ignored in valuing the business by analysts and buyers of companies. An enormous amount of time and money could be saved by reverting to an arbitrary amortization of goodwill and intangibles, particularly for those that are not separable. After battling with taxpayers in the courts for years over the value and life of intangible assets, the Internal Revenue Service recognized the futility of determining the value of intangibles and that is why all intangibles (both identifiable and goodwill) are amortized over an arbitrary statutory life of 15 years in the United States for tax purposes.

Contingent Consideration

FAS 141R also requires contingent consideration to be measured and recognized at fair value at the acquisition date. Contingent consideration results from a compromise between buyer and seller, the outcome of which is not known at the acquisition date. We believe the uncertainty of the amount that will ultimately be settled calls into question the feasibility of determining an accurate fair value. Applying a fair value methodology to contingent consideration involves probabilities that result in an expected value that is neither the best estimate

nor economic reality, as the ultimate amount settled will certainly be different. A fair value approach will always result in some amount above zero being recognized even if the chances of payment are remote. In fact, these mechanisms are put into place precisely because buyer and seller cannot agree on fair value.

Contingent Liabilities
Contingent liabilities should be accounted for on a consistent basis, whether obtained in an acquisition or otherwise. Certain contingent liabilities, such as legal claims, can take several years to resolve, are highly subjective in nature and cannot be reasonably estimated based on historical experience in most cases. We do not believe legal and other contingent liabilities are appropriate for the fair value approach because of their highly uncertain nature. Financial statement users will be confused by the different treatment of contingent legal liabilities when acquired through acquisition compared to contingent legal liabilities incurred through other means. We believe the prior approach in FAS 141 and FAS 5 should have continued to be followed by recording the probable amount expected to ultimately be paid in cash considering all facts and circumstances, defenses and whether a cause of action will ever be brought. Probable should be the determining factor of whether a liability is recorded for financial accounting purposes, as well as in the measurement of the liability.

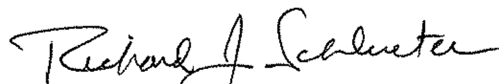
Asset Retirement Obligations
FAS 143 requires recognizing a liability at fair value for an asset retirement obligation even when the amount is never expected to be paid by the entity. The FASB concluded in FAS 143 that uncertainty of the obligation should be considered in the measurement of the liability and not whether to recognize a liability. Similar to contingent consideration and contingent liabilities discussed above, we do not believe that FAS 143 improved financial reporting.

Uncertain Tax Positions
While FIN 48 does not require fair value measurement, it does require recognizing hypothetical amounts and has similar operational issues as fair value accounting. Under the recognition and measurement provisions of FIN 48, income tax exposures can be required to be recorded even though the amounts are not expected to be paid in cash.

Conclusion
In conclusion, we believe the use of fair value accounting should not be expanded beyond financial instruments where market prices are readily available. Requiring fair value measurement of various assets and liabilities when quoted prices in active markets are not readily available is not operational, too costly and of questionable value to investors.

We appreciate the opportunity to participate in the Roundtable and trust that our comments will be seriously considered in future deliberations on this issue.

Sincerely,



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Cc: Walter J. Galvin
Senior Executive Vice President & Chief Financial Officer