



FINANCIAL EXECUTIVES INSTITUTE

June 9, 2000

Mr. Lynn Turner
Chief Accountant
U.S. Securities and Exchange Commission
450 Fifth Street, NW,
Washington, DC 20549

Dear Lynn:

The Committee on Corporate Reporting of the Financial Executives Institute ("FEI") applauds the Commission's decision to defer the effective date of Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements," and to provide further interpretive guidance in the form of a Question and Answer ("Q&A") document. In our letter dated March 3, 2000, FEI had recommended a delay in the effective date until the fourth quarter of 2000. Even if the Q&A were issued today, our members have concerns that they will not have sufficient time to study and implement the guidance in this document for reporting in the second quarter. We are therefore writing to request that the SEC defer the effective date in accordance with our initial recommendation. However, we would not object to retroactive application of the cumulative effect of adoption to each of the interim periods of 2000.

The revenue recognition principles covered in the SAB are both fundamental and pervasive in their applicability. The extent to which the SAB amends practices that were historically universally accepted renders the SAB an important accounting change, not a clarification of existing GAAP. The hallmark of any successful accounting change is a thorough examination of the issues and consequences associated with the change to ensure that the new guidance will have the intended effect. Indeed, had the matters covered by the SAB been addressed through issuance of a new FASB standard or interpretation, a process we would have preferred, the nature and complexity of many of these issues would have required extensive due process and the answers derived would have applied equally to SEC registrants and private companies and other non-SEC registrants. The benefit of the interchange that occurs through that process inures to both the standard setter and the affected companies by reducing the uncertainty and the narrowing the range of practice in implementing the new guidance.

Given that the presently required effective date of the SAB is rapidly approaching, we would appreciate your prompt consideration of our request. Members of the SEC subcommittee will be pleased to meet with you at your earliest convenience to discuss this matter further. I can be reached at (203) 373-2458.

Sincerely,

Philip D. Ameen

Philip D. Ameen
Chair, Committee on Corporate Reporting