Choice of vesting patterns. Under SFAS 123(R), awards with graded vesting, as all of our awards have, may be expensed in one of two time patterns: 1) On a straight-line basis over the complete vesting period (as though the entire award was one grant); or 2) On an accelerated basis, treating each vesting layer as a separate grant and amortizing each layer on a straight-line basis. For disclosure purposes under SFAS 123, we used the accelerated basis. We have preliminarily concluded that we will use the straight-line method for future grants under SFAS 123(R). As discussed below under transition methods, such policy will only apply to future grants. Expense recognized under SFAS 123(R) for previously granted options will be recorded on the accelerated basis.

Estimating forfeitures. Under SFAS 123, we could choose whether to estimate forfeitures at the grant date or recognize actual forfeitures as they occur. Under SFAS 123(R), we must estimate forfeitures as of the grant date.

Presentation of excess tax benefits in the statement of cash flows. Under SFAS 123(R), the excess of tax benefits realized from the exercise of employee stock options over the tax benefit associated with the financial reporting expense is shown as a financing cash inflow in the statement of cash flows. Previously, these excess benefits were shown as an operating cash inflow.

Transition alternatives. There are two allowable transition alternatives – the modified-prospective transition or the modified-retrospective transition. Under the modified-prospective transition, we would begin applying the valuation and other criteria to stock options granted beginning July 1, 2005. We would begin recognizing expense for the unvested portion of previously issued grants at the same time, based on the valuation and attribution methods originally used to calculate the disclosures. Under the modified-retrospective transition, we would restate prior periods to reflect the previously calculated amounts in the pro forma disclosures as actual expenses of the prior period (with no change in valuation or attribution methods). Future accounting would be the same as under the modified-prospective transition. We would also restate the statement of cash flows for the change in classification of excess tax benefits. In addition, we would be required under the modified-retrospective transition method to estimate forfeitures for options outstanding as of July 1, 2005 and recognize a cumulative effect of change in accounting principle to reverse such previously recognized compensation. We have not yet determined which transition method we will apply.

Disclosures. There are additional disclosure requirements under SFAS 123(R), which will not have a material impact on us.

The impact of adopting SFAS 123(R) on our operating results will depend in part on the amount of stock options or other share-based payments we grant in the future. The following table shows compensation expense related to options granted through December 31, 2004, based on the options' vesting schedules:

	(In thousands)
2002 (Actual, included in our pro forma disclosures)	$47,761
2003 (Actual, included in our pro forma disclosures)	43,310
2004 (Actual, included in our pro forma disclosures)	22,963
2005, through June 30 (Estimated, for pro forma disclosures)	10,299
2005, July 1 through December 31 (Estimated, to be recorded as expense)	10,032

We do not believe the adoption of SFAS 123(R) will have a material impact on our cash flows or financial position.

Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. Our primary exposure to market risk is interest rate risk associated with our