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To Distribution Below:

Re: Stock Option Expensing – A Compromise

The Financial Accounting Standards Board ("FASB") is proposing to require companies to expense employee stock options in the Income Statement. This proposal will lead to a double accounting of the impact of Stock Options in computing Earnings Per Share ("EPS"). Since this charge could reduce EPS of all businesses up to 10%, unless Wall Street figures out a new mechanism to value companies aside from historic Price to Earnings ("PE") multiples, the potential impact could cost US investors $1.5 - $2 trillion. This proposed FASB accounting has the potential to create far greater damage to the United States economy than the combination of all events relating to Osama bin Laden and Saddam Hussein. A simple compromise would be to put this highly questionable calculation of so-called stock option compensation costs in another principal financial statement, that accountants certify, called the "Consolidated Statement of Comprehensive Income." In this way those who value this non-cash charge will have a vehicle to use the data as they see fit, while avoiding potentially catastrophic injury to America's capital markets. Perhaps this solution is too simple and logical to work. We all know there are many in the world who would get a lot of pleasure at costing US investors $1.5 - $2 trillion in value.

Sincerely,

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Executive Vice President
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RSW/bev

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