

Accountants and
Management Consultants
The US Member Firm of
Grant Thornton International
National Office
175 West Jackson Blvd.
Chicago, IL 60604-2615

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Grant Thornton 

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Director of Major Projects and Technical Activities
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856

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We are pleased to respond to the Proposed Statement of Financial Accounting Standards, *Earnings per Share: an amendment of FASB Statement No. 128*. We support issuance of the proposed Statement and believe it will promote more consistent application of the Statement and simplify the computation somewhat.

We agree with the Proposed Statement's conclusion that, under the treasury stock method, the number of incremental shares included in year-to-date diluted earnings per share would be computed using the average market price for the year-to-date period. This change prevents the computation of earnings per share from being affected by the frequency of interim reporting. In addition, it simplifies the computation.

For contracts that can be settled in either cash or stock, we support the proposed provision that share settlement would be assumed and current provisions providing a rebuttable presumption would be eliminated. The proposed revision would promote consistency in the reporting of earnings per share for entities that have similarly structured contractual arrangements.

We also support the proposed revision that shares to be issued on conversion of a mandatorily convertible security would be included in the calculation of basic earnings per share using the if-converted method, except the two-class method should be used for convertible participating securities, as discussed in EITF Issue 03-6, "Participating Securities and the Two-Class Method under FASB Statement No. 128, *Earnings per Share*." However, we recommend that the final Statement provide implementation guidance for computing the number of shares determined under the if-converted method for instruments whose features

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change over the contract period, such as a conversion ratio based on a formula that includes the conversion date share price.

We appreciate the opportunity to comment on the proposed Statement and would be pleased to discuss our comments with Board members or the FASB staff. Please direct your questions or comments to Joseph Graziano at (732) 516-5560 or Lailani Moody at (212) 542-9823.

Very truly yours,

Grant Thornton LLP