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Jack I. Tompkins
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February 23, 1996

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Mr. Dennis R. Beresford
Chairman
Financial Accounting Standards Board
401 Merritt
Norwalk, Connecticut 06856

Dear Mr. Beresford:

This letter is written in support of various testimonies tendered before the Financial Accounting Standards Board on February 22nd concerning the Proposed Statement of Financial Accounting Standards Consolidated Financial Statements: Policy and Procedures and amends our letter addressed to you dated January 11, 1996.

Specifically, we believe that the shareholders of Enron and many other companies could experience significant economic harm under the current proposal. Enron's common stock is evaluated and traded basically as a product of its net income and earnings per share. To the extent that ARB 51 gains are deleted from net income in the future, it is logical that the trading price of Enron's common stock would be lower than it otherwise would be including the gains.

Income associated with the sale of subsidiary investments (via IPO's or otherwise) is, in many cases, the sole means of realizing the value of these investments. These gains evidence management's success in creating or enhancing the value of the subsidiary. From a financial analyst's view, this is no different than selling any other corporate asset, and recognizing income, when the value of this asset exceeds the book value. In Enron's case, the majority of the analysts who report on our stock consider these gains as "recurring" net income. However, we believe that such gains will be ignored by these same analysts for valuation purposes to the extent the gains are omitted from reported income.

With Enron common stock trading with a price earnings ratio in excess of sixteen, a decrease in net income of as little as \$15 million dollars would cascade into aggregate losses to Enron shareholders of nearly \$250 million dollars.

Mr. Dennis R. Beresford
Financial Accounting Standards Board
February 23, 1996
Page Two

We urge the Board to carefully consider the economic harm to shareholders that could result from the current proposal. Further, we ask that you conclude that ARB 51 gains represent true economic gain to an enterprise and should be recognized in earnings at the time of transaction.

We appreciate the opportunity to further express our views to the Board.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jack". The signature is written in a cursive style with a large, looping initial "J" that extends upwards and around the word.