



Shannon S. Warren
Managing Director



LETTER OF COMMENT NO. *if*

Technical Director
Financial Accounting Standards Board
401 Merritt 7
Norwalk, CT 06856-5116

Proposed FSP 128-a—Computational Guidance for Computing Diluted EPS under the Two-Class Method

Dear Sir/Madam:

JPMorgan Chase (“JPMorgan Chase” or the “Firm”) appreciates the opportunity to comment on the Proposed FASB Staff Position (“FSP”) No. FAS 128-a, *Computational Guidance for Computing Diluted EPS under the Two-Class Method* (the “Proposed FSP”). The Firm previously commented on related FSP No. EITF 03-6-a, *Determining Whether Instruments Granted in Share-Based Payment Transactions are Participation Securities* (collectively, the “Proposed FSPs”). JPMorgan Chase does not support the issuance of either of the Proposed FSPs, primarily because they collectively produce results that are not clearly consistent with certain principles underlying Statement of Financial Accounting Standards No. 128, *Earnings Per Share* (“SFAS 128”). Further, instead of improving financial reporting, the Firm believes that the Proposed FSPs would result in both decreased comparability of reported basic and diluted EPS amounts among different entities, and a reduced level of transparency in reported financial results.

The Firm is also concerned that the Board is addressing stand-alone EPS issues when it has a broader EPS project on its agenda. To increase both the effectiveness and the efficiency of the standards-setting process surrounding these issues, the Firm believes that the Proposed FSPs should be incorporated into the existing SFAS 128R project. Addressing these issues within the context of SFAS 128 would also give the Board the opportunity to further study the issues and to more clearly articulate the basis for all of its resulting conclusions.

As a practical matter, the issuances of both the Proposed FSPs and SFAS 128R would require entities to restate their financial statements at the standards’ respective implementation dates. Multiple restatements would be time-consuming from the perspective of financial statement preparers and potentially confusing for financial statement users, particularly if they were to occur within a short time period. Therefore, another benefit of combining all of these projects would be to minimize both the operational burden and the confusion that may result from multiple restatements of the same data element.

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If you have any questions or would like to discuss our comments further, please do not hesitate to contact me at 212-648-0906 or Julie Donatelli at 312-325-5084.

Sincerely yours,