



Grant Thornton



December 5, 2008

LETTER OF COMMENT NO. 18

Technical Director  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

Audit • Tax • Advisory  
Grant Thornton LLP  
333 Clay Street, 27th Floor  
Houston, TX 77002-4168  
T 832.476.3600  
F 713.655.8741  
www.GrantThornton.com

Via E mail to [director@fasb.org](mailto:director@fasb.org)

Re: File Reference 1240-100

Grant Thornton LLP appreciates the opportunity to comment on the Financial Accounting Standards Board (the Board) Revised Exposure Draft document (“proposed Statement”), *Earnings per Share: an amendment of FASB Statement No. 128*.

We support the Board's efforts to reduce the differences between international financial reporting standards and U.S. generally accepted accounting principles in the area of the determination of earnings per share (EPS). We believe that the proposed Statement would increase the comparability of EPS on an international basis.

Our comments are organized to correspond with the Board's request for comments included within the “Notice for Recipients of This Exposure Draft.”

Response to questions

**1. Instruments That Are Measured at Fair Value Each Period with Changes in Fair Value Recognized in Earnings**

*In this proposed Statement, an entity would not include in the denominator of diluted EPS the number of additional common shares that would arise from the assumed exercise or conversion of certain freestanding instruments (or a component of certain compound instruments that is accounted for as if it were freestanding) that are measured at fair value each period with changes in fair value recognized in earnings. Similarly, an entity would not include in the computation of basic and diluted EPS under the two-class method certain participating securities that are measured at fair value each period with changes in fair value recognized in earnings. The Board concluded that the effect of those instruments on current shareholders during the period has been reflected in the numerator of basic and diluted EPS through the changes in fair value recognized in earnings. Do you agree that the fair value changes sufficiently reflect the effect of those instruments on current shareholders and that recognizing those*

*changes in earnings eliminates the need to include those instruments in determining the denominator of diluted EPS or in computing EPS under the two-class method? If not, why not?*

We agree that changes in fair value reflect the benefits received or detriments incurred by the current shareholders during the period, which are included in the numerator of an EPS computation. Therefore, we concur that the changes in fair value included in the numerator are a better reflection upon EPS than inclusion in the denominator of EPS.

## 2. Diluted EPS under the Two-Class Method

*In computing diluted EPS, dilutive potential common shares and potential participating securities are assumed to be outstanding. This proposed Statement would clarify that an entity would not reduce income from continuing operations (or net income) by the amount of additional dividends that would be assumed to be declared for potential common shares or potential participating securities that are assumed to be outstanding. The Board reasoned that an entity may make a different decision on the per-share amount of dividends declared if that per-share amount was distributed to all potential common shares or participating securities. Do you agree? If not, why not?*

We agree an entity might make a different decision regarding the amount of dividends to declare if the per-share amount were to be distributed to all potential common shares. Thus, it is appropriate to not reduce income by the amount of additional dividends that would be assumed to be declared for potential common shares or potential participating securities.

## 3. Disclosures

*The Board decided that the amendments in this proposed Statement would not warrant additional disclosures beyond those already required by U.S. GAAP (for example, Statement 128, FASB Statement No. 129, Disclosure of Information about Capital Structure, and EITF Issue No. 00-19, "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock"). Do you agree that additional disclosures are not warranted? If not, what additional disclosures should be required and why?*

We believe that the disclosure requirements of existing standards provide sufficient information to meet the needs of users.

We appreciate the opportunity to comment on the Exposure Draft and would be pleased to discuss our comments with Board members or the FASB staff. If you have any questions, please contact L. Charles Evans, Partner, Accounting Principles Consulting Group at 832.476.3614.

Very truly yours,

/s/ Grant Thornton LLP