## Thermo Electron

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**George N. Hatsopoulos** Chairman of the Board and President

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## VIA FAX AND MAIL

Mr. Timothy S. Lucas
Director of Research and Technical Activities
Financial Accounting Standards Board
P. O. Box 5116
401 Merritt 7
Norwalk, CT 06856-5115

Dear Mr. Lucas:

I am pleased to see that the Board is redeliberating issues raised by the Exposure Draft on "Consolidation Financial Statements: Policies and Procedures." I also appreciate the opportunity to comment on possible fixes of potential problems that the Economic Unit Model creates, some of which I described in my testimony of February 21, 1996.

The issues, as I see it, is not with these problems per se but that these problems result from the fact that the "Economic Unit" model is inappropriate in the reporting of financial information to the stockholders of the parent company. These stockholders need to know what assets and liabilities their company, not the economic unit, owns and what profit or loss accrues to it. As a result, I believe that whatever fixes of the problems encountered thus far are devised, and I am sure such fixes can be found, the fundamental issue of properly informing the parent's stockholders will not be addressed.

I have failed to see or hear from anyone what the problem is with the currently employed "parent company" approach. Until such a problem is rationally articulated, I believe to try to find a solution is untenable.

Very truly yours,

George N. Hatsopoulos