

Letter of Comment No: 6
File Reference: 1240-001

November 22, 2005

Via e-mail: director@FASB.org
Technical Director – Reference 1240-001
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: Exposure Draft (Revised) – Proposed Statement of Financial Accounting Standards – *Earnings per Share (an amendment of FASB Statement No. 128)*

Dear Director:

The Accounting Principles and Auditing Standards Committee of the Florida Institute of Certified Public Accountants (the “Committee”) has reviewed and discussed the above referenced Exposure Draft (“ED”). The Committee has the following comments on the specific issues raised in this revised exposure draft.

Issue 1a: This proposed Statement would require that, in applying the treasury stock method to an instrument classified as a liability but potentially settled in shares, the carrying amount of an extinguished liability upon issuance of the shares should be included as assumed proceeds in the computation of incremental shares.

The Committee agrees with the proposed guidance associated with this issue.

Issue 1b: This provision would apply only to instruments subject to the treasury stock method and would not affect the EPS computation for instruments that are accounted for using the if-converted method under Statement 128.

The Committee agrees with the proposed position associated with this issue.

Issue 2: This proposed Statement would require that the amount of the extinguished liability to be included in assumed proceeds be measured at the carrying amount as of the end of the period for which EPS is being measured.

The Committee agrees with the proposed measurement objective associated with this issue and, therefore, rejects the alternative approach, which would eliminate the dilutive effect.

The Committee appreciates this opportunity to share our views and concerns. The members of the Committee would be pleased to discuss any questions that you might have regarding this communication.

Sincerely,

Richard G. Edsall

Richard G. Edsall, CPA, Chairperson
FICPA Accounting Principles and Auditing Standards Committee

Committee members assisting in this response:

Edward C. LaBrecque, CPA
Kathryn M. Means, CPA