



LETTER OF COMMENT NO. 1

From: joemath2@verizon.net [mailto:joemath2@verizon.net]
Sent: Friday, November 28, 2008 11:45 PM
To: Director - FASB
Subject: FASB 128 on Earnings per Share : 1240-100- Comments by Dr. Joseph S. Maresca CPA, CISA

Financial Accounting Standards Board
To : Technical Director: 1240-100
From : Dr. Joseph S. Maresca CPA, CISA
Regarding : Earnings per Share Critique

For the Director,

The issuance has been reviewed. The following comments apply:

In applying the Treasury Stock and Reverse Treasury Stock methods to compute earnings per share (diluted), the entity uses end of period market price of common shares to determine the incremental number of shares to be included in the earnings per share denominator. There are instances where the end of period market price is unrealistic. The average market price may be a better barometer of price movements for computing the earnings per share (diluted). Options and warrants are assumed to be dilutive for the period they are outstanding under the Treasury Stock Method.

Extinguishing liabilities settled in common shares without sacrificing assets has the same effect on the entity's net assets as issuing shares in exchange for cash.

Dr. Joseph S. Maresca