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Mr. Lawrence W. Smith  
Chairman, Emerging Issues Task Force  
Financial Accounting Standards Board  
401 Merritt 7  
Norwalk, CT 06856-5116

Re: EITF Issue No. 06-11

Dear Mr. Smith,

We would like to take this opportunity to comment on the tentative conclusions of the Emerging Issue Task Force Issue No. 06-11, "Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards."

Paragraph A37 of FAS 123(R) requires that dividends paid on share-based payment awards that vest be charged to retained earnings. Paragraph B93 indicates that compensation does not arise from dividends paid on share-based payment awards that vest as that would effectively result in double counting. Paragraphs A37 and B93 do not differentiate between equity-classified awards and liability-classified awards. Therefore, in order to avoid diversity in practice, the EITF consensus should also provide clear guidance on how to account for the income tax benefit realized from dividends paid on liability-classified share-based payment awards, and the basis for that conclusion.

We appreciate the opportunity to respond to the tentative EITF conclusions. We trust that our comments will be seriously considered in future Board deliberations on this issue.

Sincerely,

A handwritten signature in black ink that reads "Richard J. Schlueter". The signature is written in a cursive style with a large, prominent initial "R".

Richard J. Schlueter  
Vice President  
& Chief Accounting Officer

cc: Robert Herz  
Chairman  
Financial Accounting Standards Board

Walter J. Galvin  
Senior Executive Vice President  
& Chief Financial Officer