Q. In reference to page 46 of the Financial Consultant's 2003 Report, if 2000-2001 early retirement costs were amortized in the same way as previous early retirement costs, what would have been the dollar amount affect on earnings in each year?

A. The accounting treatment for the previous early retirement costs was to amortize the pension liability associated with the early retirement program over a ten-year period and expense the cost of the retirement allowances in the current year.

For the 2000 and 2001 early retirement costs, the Company expensed the costs of the retirement allowances as well as the costs of the pension liability in those respective years. If the Company had recorded these programs in a similar manner to the previous early retirement programs, the difference would be to amortize the pension liability over a ten-year period, rather than expensing the full amount.

As provided by the Company, the pension liability associated with the early retirement program for 2000 was $2,287,275 and for 2001 was $2,896,248. Based on a simple straight line amortization of these pension costs over a ten-year period, the impact on earnings in each year from 2000 to 2004 would be as detailed in the following table. The annual amortization would continue beyond 2004 to the end of the ten year period.

	2000	**2001**	**2002**	**2003**	**2004**
Pension liability for 2000 program	$2,287,275				
Amortization of 2000 program	(228,728)	$ (228,728)	$ (228,728)	$ (228,728)	$ (228,728)
Pension liability for 2001 program		2,896,248			
Amortization of 2001 program		(289,625)	(289,625)	(289,625)	(289,625)
Total increase (decrease) in earnings	$2,058,548	$2,377,896	$ (518,352)	$ (518,352)	$ (518,352)