

EXHIBIT 3 GAAP Versus Amended Rules Treatment of Equity Award								
Year	Options Awarded ^A	Strike Price (Exercise Price)	Market Price	Intrinsic Value Year of Grant ^B	SFAS 123(R) Value ^C	GAAP Financial Statement Compensation Expense	Disclosed in Summary Compensation Table (July 2006 Amendments)	Disclosed in Summary Compensation Table (December 2006 Amendments)
2006	5,000	\$25	\$25	\$0	\$100,000	\$25,000 ^D	\$100,000	\$25,000 ^D
2007	-0-					\$25,000	-0-	\$25,000
2008	-0-					\$25,000	-0-	\$25,000
2009	-0-					\$25,000	-0-	\$25,000

A. Exercise contingent on employee performing four years of future service for the company.
B. Intrinsic Value = Market Price – Strike Price
C. SFAS 123(R) requires the estimated fair value of employee stock options to be expensed in determining an entity's net income, just as all other forms of compensation are included. Compensation expense is recognized over the vesting period.
D. \$100,000 ÷ 4-year vesting = \$25,000