Karen Salmansohn

Letter of Comment No: 103
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From: Director - FASB
Sent: Friday, January 31, 2003 1:02 PM
To: Karen Salmansohn
Subject: FW: Opposition to expensing in Accounting for Stock-Based Compensation

-----Original Message-----
From: Fisher & Company LLC [mailto:fisherco@earthlink.net]
Sent: Friday, January 31, 2003 12:22 PM
To: Director - FASB
Subject: Opposition to expensing in Accounting for Stock-Based Compensation

We are OPPOSED TO EXPENSING TREATMENT in accounting for options.

The principal reason is that it is well-intentionned but fundamentally incorrect treatment.

Options dilute shareholder ownership. Options impact shareholder valuation of their investments. Options do not effect the income statement nor the balance sheet of the firm. They are not a source of future cash nor a use of future cash of the firm, therefore they are neither assets nor liabilities of the firm, and should not be recorded as if they are.

Expensing is the road to hell, paved by good intentions.

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Biographical information attached.

Mr. Fisher has served as Managing Director of Fisher & Company LLC, an investment-banking advisor to international branded consumer growth companies since October 1996. From 1987 to 1996, Mr. Fisher was Managing Director of Hambrecht & Quist Group, a venture capital and investment-banking company, responsible for leading all services to branded consumer growth companies. From 1984 to 1987 he served as chief executive of Bechtle Fisher & Company, Inc., a private investment bank. From 1976 to 1984 he served as vice president of corporate finance of The Crocker Bank. From 1973 to 1976 he served as a member of the White House staff (Office of Management & Budget), and from 1971 to 1973 as management consultant with Touche Ross & Co. Mr. Fisher has a Bachelor of Arts Degree in Economics from Yale College and an MBA from Stanford University.