

Karen Salmansohn

From: Director - FASB
Sent: Friday, January 31, 2003 11:44 AM
To: Karen Salmansohn
Subject: FW: Expensing of Stock Options

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-----Original Message-----

From: Walter Wilkinson [mailto:walter@kittyhawkcapital.com]
Sent: Friday, January 31, 2003 10:54 AM
To: Director - FASB
Subject: Expensing of Stock Options

I call your attention to the article in today's Wall Street Journal by Wck Simmons, CEO of NASDAQ. He writes far more eloquently than I can about the stupidity of forcing the expensing of stock options.

I am in the venture capital business. In my 30+ year career, I have been involved with hundreds of new young companies. In every case, the extensive use of options is mandatory in order to attract, motivate, and keep personnel.

Coke Cola, Wachovia, Warren Buffett, Gillette, don't really understand early stage, growth company entrepreneurship. Black Schoels (?) is one of the more arbitrary, misleading formulas I have ever seen. In is almost meaningless for a high growth volatile stock, which is often the characteristics of a young and up and coming company.

Don't confuse Enron, WorldCom, Adelphia, and Tyco with stock option issues. Those companies are simply prime examples of fraud, dishonesty, deception and a board that was either asleep at the switch or compliant themselves. Options did not cause these frauds upon the American stock owning public.

Walter Wilkinson
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