

Karen Salmansohn

From: Director - FASB
Sent: Friday, January 31, 2003
To: Karen Salmansohn
Subject: FW: Stock options

Letter of Comment No: 130
File Reference: 1102-001
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-----Original Message-----

From: Joe Kaufmann [mailto:j.kaufmann@kenseynash.com]
Sent: Friday, January 31, 2003 2:04 PM
To: Director - FASB
Subject: Stock options

Dear Director;

I am writing to you regarding the FASB potential decision to require the expensing of stock options. As the President and CEO of Kensey Nash Corporation, a small cap NASDAQ medical device with revenues of \$30m and over 200 employees, I believe the proposal requiring the expensing of stock options will have an extremely negative impact on small companies.

Our firm, like many others, provide stock options to all of our employees. Stock options are a valuable tool in recruiting and retaining employees at all levels. There is no question senior management and executives, including myself, benefit to a much greater degree than those with less responsibilities. However, in order for us to recruit individuals from more established and financially larger companies stock options are the key tool. Senior managers will be far less inclined to move to a smaller firm without the potential reward of stock options.

I strongly support enhanced disclosure of options but requiring expensing of options will result in far fewer options to be issued and put small, creative and dynamic companies at a severe disadvantage. The abuses that occurred at some companies were the result of poor management and directors, not the non-expensing of stock options. Additional disclosures will provide a more accurate accounting of options than expensing options for the investor. There are many issues regarding an accurate method of expensing options that I believe will result in more confusion rather than less for the average investor. In addition, I believe expensing of options will have a negative impact on start-ups and result in a slowdown in the advancement of technology throughout our economy.

Regards,
Joe Kaufmann
President & CEO

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