

Karen Salmansohn

From: Director - FASB
Sent: Friday, January 3
To: Karen Salmansohn
Subject: FW: Accounting f

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

From: Richards, Iain [mailto:iain.d.richards@schroders.com]
Sent: Friday, January 31, 2003 1:07 PM
To: Director - FASB
Subject: Accounting for stock-based compensation (File Ref 1102-001)

Dear Sir/Madam,

I am writing to express my support for the proposal to introduce full and proper accounting for share based payments.

From the institutional investor perspective, I strongly believe that 'stock-based compensation' does need to be recognised as an expense. The fair value based method is one approach to this, although I have to note that it does not always fully recognise the true transfer of economic value that takes place.

The US stock compensation system has been widely perceived, for some time, as an issue of concern. Clear and decisive action at an international level is needed to ensure that the sometimes significant costs to investors are properly reflected in the accounts. Clearly there would be some concern if conflicted, vested interests were allowed to subvert this important initiative again.

In addition, it is important to ensure that the US accounting system can no longer be used as an excuse for divorcing stock based payments from sound corporate performance. The current, unequal treatment of performance linked awards must end and this is something we currently look to these proposal to achieve.

Regards,
Iain

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