

To: Board members, stock comp. team, J.T. Ball

**Financial Accounting Standards Board**

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April 26, 1994

The Honorable Joseph I. Lieberman  
United States Senate  
Hart Senate Office Building, Room 316  
Washington, DC 20510-0703

Dear Senator Lieberman:

In response to the specific request in your April 12 letter, there were two participants in the FASB field test with revenues less than \$100 million for the latest fiscal year. As our staff mentioned in an earlier telephone call with Ken Glueck of your staff, the smallest company participant had less than \$3 million in revenues. The other company had approximately \$70 million in revenues. I apologize if there was an initial misunderstanding about this request.

As discussed in the report of the field test results, the participant group was not a statistical sample. As is always the case, we must rely on volunteers, and we contacted six organizations, including the Financial Executives Institute, American Electronics Association, Edison Electric Institute, National Venture Capital Association, Institute of Management Accountants, and the American Business Conference for help in identifying volunteer companies. In addition, we asked specific companies and several Congressional offices for their assistance.

It is important to note that the effects of the Exposure Draft on individual companies was only one of three equally important objectives of the field test. We also learned about implementation issues and the understandability of the proposal.

We are pleased that several companies reported to us about the effects of applying the Exposure Draft as part of their comment letters. Other studies undertaken by Coopers & Lybrand, The Wyatt Company, and ShareData, Inc. will also provide useful information to the Board during the redeliberation process. It was particularly

Senator Lieberman

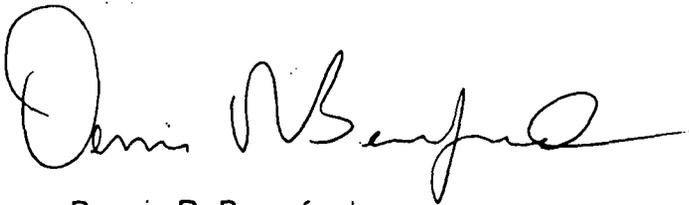
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interesting to see that the results of the Wyatt Company study, which included both small and nonpublic companies, were in line with the results of the FASB field test and other studies.

Next month, we will start to reconsider the issues in the Exposure Draft. In addition to the FASB field test and other studies of implementation, consideration will be given to all of the information gathered since the Exposure Draft was issued last June, including 1600 or so comment letters, public hearing testimony, the April 18th measurement roundtable, articles, telephone inquiries, and feedback from speaking engagements. If there are issues you believe we have not considered, or if you would like to meet again and discuss further the project on accounting for stock-based compensation, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Dennis R. Beresford". The signature is fluid and cursive, with a large initial "D" and a long, sweeping tail.

Dennis R. Beresford