

From: Jim Forman <jimforman@outlook.com>
Sent: Tuesday, October 16, 2018 9:12 PM
To: Director - FASB <director@fasb.org>
Subject: EPS / share buybacks

I am writing as an investor in public companies in order to raise an issue that appears to have been inadequately addressed by the FASB.

One of the most prevalent tools used by public companies to manipulate their earnings-per-share is the repurchase of their own equity shares.

When earnings are released, it is very difficult for investors to decipher the impact that share repurchases had on the reported quarterly earnings-per-share i. e., did earnings actually improve or does the math simply result in a higher EPS due to the lower number of diluted average shares outstanding?

The answer to that critical question should be predominately reported and clear to all stakeholders when earnings are released.

When a company's actual GAAP earnings are below investor expectations, many companies use share repurchases to effectively manipulate a higher earnings per share, thereby misleading the investing public.

This "headline" metric of earnings (EPS) has an enormous impact on investment decisions and every company's share value. Stock values react immediately upon the earnings released every quarter.

As an investor, I would expect at a minimum to have at least two measurements of EPS: one including share repurchases and the other excluding share repurchases.

Thank you in advance for your consideration.

James Forman

From: Jim Forman <jimforman@outlook.com>

Sent: Tuesday, October 16, 2018 9:18 PM

To: Director - FASB <director@fasb.org>

Subject: Re: EPS / share buybacks

You are professionals and are certainly aware of the subject that I raise. Nonetheless, here is some literature on the subject from an investor standpoint:

<https://cooleypubco.com/2018/08/16/stock-buybacks-mechanism-for-manipulation/>

<https://www.marketwatch.com/story/how-some-companies-manipulate-share-buybacks-to-inflate-earnings-2018-09-24>

<https://www.google.com/amp/s/www.marketwatch.com/amp/story/guid/7675D4F6-BD1E-11E8-8F9F-27D69B147DE0>

Thank you.