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From:

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Sent:

Thursday, June 17, 2004 7:18 PM

To: Director - FASB

Subject:

File Referenc 1102-100 Stock Options

Letter of Comment No: 5/07 File Reference: 1102-100



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I am writing to express my opposition to changing the accounting treatment for stock options and Employee Stock Purchase Plans (ESPPs).

I joined my present company seven years ago. I had been a public servant for twenty years and have just recently retired as a reserve member of our armed forces. I am about as "Joe Six-Pack" as they come.

When I joined the company I was allotted a small amount of stock options. As the years progressed, in recognition of my frequent 20 hour days and world wide travel usually on weekends to save the company money I got a good salary and periodic bonus / profit sharing. I also added some options which we held, hoping some day tey might be valuable. Because the company did well, and investors believed in us, the stock's value rose dramatically and fortune smiled on my family. I exercised those options to buy the stock at \$10 and sold for \$40 We paid off medical bills, we paid off the 2nd mortgage on the house, erased our credit card debt, and shared in the American dream. I paid huge amounts of money to the Federal and State government in taxes because these options, held for years and nearly valueless, suddenly were worth money and we sold them. I paid 40% of the reward so the US Government could waste the money the way it wanted, and 10% of the gross to the State so they could waste more money as well. I ended up with 50% of a windfall.

This year my options are of no value at all. The last 3 years have been this way as well. They are almost all under water. Options issued just this past year are 30% undervalue.

I am telling you this because I believe the logic of treating these options as taxable income is faulty and will end up costing my family and I even more. These employee incentives have effectively tied my performance to shareholder return in a way that no other incentive can match. If we work hard, and shareholders value us higher, Yes we win! But shouldn't we? After all, shareholders ONLY invest if they think it's to their benefit. If this is true, shouldn't the workers also get some benefit?

I believe that if you are successful, my company, and thousands like it, will keep the stock options only for the highest executives, and that will cut me and my family out of the one sure way we have to benefit from a group of people working together and risking in the face of the economy with our labor, not just a bet with hedged funds, stock speculation, leveraged buyouts, and the like.