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From:

Landheer, Eric [Eric.Landheer@nasdaq.com]

Sent:

Wednesday, June 23, 2004 1:52 PM

To:

Director - FASB

Subject:

Protest over current FASB stock options expensing plan

Letter of Comment No: 5099 File Reference: 1102-100

Importance:

High



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Dear FASB Director,

I am corresponding to you to express my view that your current plans on stock options expensing are unreasonable and will have far reaching negative implications for public corporations (especially entrepreneurial, growth companies), for employees and for our economy as a whole.

The FASB plan, while well intentioned, appears fundamentally flawed in that it does not afford additional protection to investors or improve corporate governance, it relies on an unrealistic and inaccurate options valuation model, will create major cost in implementation, and will provide investors with inconsistent, inaccurate valuations creating additional confusion and uncertainty in the investment community.

More importantly, this plan will cause a pervasive loss of talent in the entrepreneurial segment of the economy. Mandatory expensing will discourage the use of options as a mechanism to recognize and reward employees while causing a disconnect in the alignment of employees and the company. Thus low to mid level employees will have little reward incentive to take the risk of moving to a new companies, while large, ex-growth companies will feel little adverse impact. This will also increase outsourcing to those countries with marketplaces that still allow companies use of options to attract and retain key talent.

Optimally this plan should be rejected outright, but at a minimum it should be modified so that only senior officers of a company must have their options expensed, and a reasonable options valuation model must be applied.

Sincerely,

Eric D. Landheer
Managing Director
THE NASDAQ STOCK MARKET
2500 Sand Hill Road, Suite 220
Menlo Park, CA 94025
Office: (650) 233-2009

Office: (650) 233-2088 Fax: (650) 233-2099

E-mail: eric.landheer@nasdag.com

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