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Letter of Comment No: 2409
File Reference: 1102-100

From: yushen@utstar.com
Sent: Thursday, May 13, 2004 7:08 PM
To: Director - FASB
Subject: File Reference No. 1102-100, Comment on FASB Stock Option Proposal



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Dear Mr. Robert Herz:

I am writing in reference to FASB's invitation to comment on its exposure draft, "Share-Based Payment," an amendment of Statements No. 123 and 95. I don't know the exact financial intricacy why stock option, and ESPP have to be counted as expense for company, but I think it would hurt US high tech industry, especially Silicon Valley, where stock option, and ESPP have been crucial instruments to encourage engineers to participate in the technology innovations, which in turns keep US's superior position in the technical competitions. If stock options and ESPP is withdrawn, many engineers would have to leave, or not as energetic in their research and development.

Is it possible to come up a win-win formula to reflect enough the real FUTURE consequence of stock options, and ESPP to the company's finance, without unrealistically and negatively expressing stock option and ESPP as expense?

We all want to keep US's economic in good shape. I trust your wisdom to come up better answer.

Sincerely,

Yu Shen
90 Applegate Way
Alameda, CA 94502