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Letter of Comment No: 4097

File Reference: 1102-100

From: Rosemary Lugo [Miarpaan4@aol.com]
Sent: Monday, June 14, 2004 11:12 AM
To: Director - FASB
Subject: Share-Based Payment Exposure Draft

Rosemary Lugo
4292 Newcastle Rd
Las Vegas, Nevada 89103

June 14, 2004

Ms. Suzanne Bielstein
Financial Accounting Standards Board
401 Merrit 7
Norwalk, CT 06856-5116

Dear Ms. Bielstein:

Re: Share-Based Payment Exposure Draft

I work for a company that allows employees to purchase my employer's stock at a discount through an Employee Stock Purchase Plan (ESPP). I understand that the Financial Accounting Standards Board (FASB) has proposed a change to accounting standards that would require my company to count this discount as an expense against its earnings (Share-Based Payment exposure draft). I respectfully request that you reconsider this proposal and not require expensing of the discount allowed in ESPPs.

I am concerned that required expensing of the discount in the ESPP may make this valuable benefit plan less attractive to my employer, potentially causing my employer to either discontinue the plan, or reduce or eliminate the current discount. If the discount is greatly reduced or eliminated, buying company stock through the ESPP would no longer be much of a benefit. Unlike benefits aimed only at high-paid executives, this is a valuable benefit for employees across the company.

The ESPP is a very important benefit to me. Being able to participate in an ESPP has enabled me to invest in my financial future and experience a sense of ownership in my company. This benefit helped attract me to and serves as an incentive for me to remain with my employer. I could even say I continuously strive to perform to the best of my ability because I am an owner of the company.

My company name is Sierra Health Services, Inc and I am a Quality Assurance Specialist II. I have worked at Sierra for almost 17 years. Although the first several I was unable to take advantage of this great benefit I have been able to enjoy it's advantages the last couple years. Having been allowed to participate in this program has enabled me to save money that I never would have been able to save without the program. In addition, it has allowed me to put money towards helping my fiance's business when it was in need. I have a savings that I know I would not have without this program and if it were to be discontinued the opportunity for me to continue saving at this rate for future needs, be it tuition for my child's college or home improvements would cease. I would hope that the Board would reconsider this decision.

Millions of workers like me in companies across the country are able to purchase their employer's stock through ESPPs. This builds company loyalty and helps to promote high standards of work when employees have a sense of ownership.

I strongly urge FASB to consider the negative impact the proposed rule would have on the nearly 16 million workers like me and eliminate the expensing requirement for ESPP discounts in the final rule.

CC:
SEC, Chairman, William Donaldson
SEC, Chief Accountant, Donald Nicolaisen
Employee Ownership Coalition (eoc@vennstrategies.com)

Sincerely,

Rosemary C. Lugo