

ikon

Letter of Comment No: 2944
File Reference: 1102-100

From: Stacey Sutay
Sent: Tuesday, June 01, 2004 4:43 PM
To: ikon; Karen Salmansohn
Subject: FW: Reference Number 1102-100

-----Original Message-----

From: George Greeley [mailto:GGreeley@macrovision.com]
Sent: Tuesday, June 01, 2004 4:40 PM
To: Stacey Sutay
Subject: Reference Number 1102-100

Dear Sirs,

I am writing about the FASB considering making a rule that companies must expense their stock option grants.

I am a Human Resources professional with over 20 years of experience.

The best incentive for employees in publicly-traded companies is to have broad-based stock option grant programs. This allows employees at every level of the company to receive stock option grants. When all employees are eligible to receive stock option grants these grants give them an incentive to perform well in their jobs so the company-as-a-whole does well.

If you require companies to expense their stock option grants, then these same companies will restrict their stock option grant programs. Stock option grants will be limited to the higher management levels to reduce the number of shares being granted – and thereby limit the company's expense. These same upper management individuals are already very highly compensated and this would skew "compensation fairness" even further than it is today.

The United States Treasury receives taxes from individuals who profit from selling their stock options so doing anything that results in a reduction of the stock option grants that allows individuals to profit also reduces the taxes received by the Treasury.

Expensing stock options also reduces the taxes that would be paid by corporations because their profits are reduced "on paper".

Expensing stock options does not solve any problem and it will ultimately be a real lose in income to the ordinary employee, a loss in tax revenue for the US Treasury and create a fictitious lose on the financial statements of publicly traded companies.

Thank you for your consideration.

George Greeley
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