ikon

Letter of Comment No: 2340 File Reference: 1102-100

From:

Director - FASB

Sent:

Wednesday, May 12, 2004 2:00 PM

To: ikon; Karen Salmansohn

Subject: FW: File Reference No. 1102-100, Comment on FASB Stock Option Proposal



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----Original Message----

From: mkhan@powerint.com [mailto:mkhan@powerint.com]

Sent: Wednesday, May 12, 2004 1:14 PM

To: Director - FASB

Subject: File Reference No. 1102-100, Comment on FASB Stock Option Proposal

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 work as a mid-level engineering manager for a small, public company, and I am deeply concerned about he impact of the FASB's amendment on my financial future and the future of U.S. technology.

This amendment does not affect private companies and minimally affects large companies. But for small, public, companies this will result in significant cuts in the stock options for employess with mid to low level job descriptions. I am afraid that I will be one of those who would be deprived of the benefits of stock options as well as employee stock purchase plan.

I also believe that in the long run this amendment will stifle the innovation and creativity of the U.S. workforce. This action will eliminate the incentive for creative and innovative workders to take risks by working for small, public companies. It is doubtful that we would see the emergence of companies like Cisco, Intel, Microsoft, and Yahoo in the absence of a broad-based stock options programs that currently exist in small, public companies.

Finally, for the individual investor, the complex expensing rule will make it difficult to estimate a given company's true earnings and growth potential. The mathematically derived valuation model applied to calculate options expense seldom reflects the reality of the equities market, and thus it adds an indeterminate variable to the company's true earings.

In veiw of the above I would request you to reconsider the amendment or modify it in a way that is investor friendly, and yet does not stifle the Yankee ingenuity.

Sincerely,

Muhib Khan 875 Tybalt Drive San Jose, CA 95127