

Stacey Sutay

From: Yarwood [Keith.Yarwood@Sun.COM]
Sent: Wednesday, June 02, 2004 1:25 PM
To: Director - FASB
Subject: File Reference No. 1102-100

Letter of Comment No: 2920
File Reference: 1102-100

File Reference No. 1102-100

Requiring corporations to expense "broad-based" stock options in corporate financial statements would be bad policy and will not necessarily prevent financial or accounting abuse by a few greedy executives and will not put a stop to excessive salaries for top executives. There are other, more effective methods to provide the investor community visibility into a companies financial performance and instill better corporate governance.

If corporations must expense options they will likely have no choice but to greatly curtail the number of options handed out to their employees since the value of options is difficult to accurately account for. Their ultimate value is unpredictable and the formula being proposed to calculate the value is flawed. In my industry the majority of these options are awarded to hard working rank and file employees not executives, so a policy requiring the expensing of options will penalize the middle class employees not the already highly paid executives.

Furthermore forcing corporations to expense options will stifle innovation at a time when its greatly needed in the tech industry and the country at large. Employees who have ownership in their companies through stock options take risks, innovate and work hard so that their companies succeed. Ultimately their success creates the need for more jobs and is good for the economy. Options are a competitive advantage for America because greater employee ownership results in increased innovation.

Keith Yarwood