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Letter of Comment No: 5811
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From: Ciccozzi, John [johnc@qualcomm.com]
Sent: Wednesday, June 30, 2004 7:14 PM
To: Director - FASB
Cc: Ciccozzi, John
Subject: Benefits of Stock Options



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Dear Director,

This is the first company that I have worked at that granted stock options to a large number of employees and the first time that I have ever personally been granted stock options. I believe that they are an excellent motivation and retention tool for employees. They give each employee a sense of ownership and a personal "stakehold" in the company. I also believe that they have been instrumental in attracting and retaining the best people in the telecommunications industry and directly contribute to a vibrant and motivated work force at Qualcomm.

I am not an accountant, but I cannot see how their expensing would provide a more accurate accounting. They are an ephemeral asset which may or may not become valuable in the future. Any valuation of them is a guess or probabilistic estimate that may or may not be true. They become valuable at a certain point in time in the future if they are exercised at a stock price greater than their value of them upon grant to the employee. Many of them can expire worthless, depending on how long the employee is with the company and the price of the stock at vesting.

I believe that the reason Silicon Valley specifically (and the US in general) is one of the most prolific and successful incubators of high technology companies in the world is that they have historically provided stock options to their employees.

I believe that the FASB is tampering with something that has worked and shown its value in the past. I believe that the accounting scandals that devastated a lot of companies and people in the past were from doing questionable (and downright criminal) things off the books and not the granting of stock options to employees.

Please don't tamper with something that has worked and proven its merits in the past and directly led to the growth of shareholder value.

Thank you for your time.

John Ciccozzi
Qualcomm
Associate Patent Counsel
5775 Moorehouse Drive
San Diego, CA 92121-1714

E-mail: johnc@qualcomm.com
Phone: (858)845-2611
Fax: (858)658-2502