

From: Michael Tjebben [michael.tjebben@ieee.org]
Sent: Sunday, June 06, 2004 9:09 AM
To: Director - FASB
Subject: "FAS123 - Expensing of Stock Options" or " FASB File Reference No 1102-100 -,Expensing of Stock Options"

Dear Financial Accounting Standards Board,

I urge you to reconsider any recommendations or requirements requiring companies to expense stock options.

I have been an engineer for over 20 years and have been in companies with and without broad-based stock option programs. I never worked harder and with such enthusiasm than I did for the companies that gave me pride of ownership and reward for such hard work with the promise of potential wealth as a reward for such work.

With the recent downturn in the economy that is only now improving, I have been disappointed to hear many of the next generation expressing no desire to become engineers or scientists, due to the threat of such jobs being outsourced to other countries. Whether that threat is real or just perceived, the effect is the same: the US is no longer producing the researchers, scientists and engineers to help keep our technological edge.

If companies are forced to expense stock options, making it likely that they will therefore abandon such programs, there is no longer a corresponding reward for the risk that people take in starting a company with new and unproven technology that they are working hard to develop. And, if that risk is only compounded by the fear that jobs may be lost, there is little incentive to even consider attempting new ventures. If, however, stock options are kept as an incentive towards future wealth, then many will still take these risks.

It is also of much concern that most Americans are not better-educated about stock options. Many have negative attitudes due to the heavily publicized abuses of a few and especially-visible elite management of large corporations. These attitudes have been exploited by the press, and it is little wonder that average shareholders have voted to have companies expense options, because of this misplaced anger towards such abuses. I also had voted to have one of my companies expense options, but regretted that decision, once I did additional research as to what that really means.

Not only do options not meet the definition of expense, because they do not use company assets, but there is little objective and clearly defined methodology for defining their worth. It is likely that requiring companies to expense options will cause new abuses and problems that, in addition to the likelihood that companies will no longer reward their employees with such programs, those that do will be forced to spend a large amount of effort and time to explain the value instead of focusing on continuing to develop the new technologies and products that America needs to keep competitive in a global marketplace.

Sincerely,
Michael O. Tjebben
Senior Member, Institute of Electrical and Electronics Engineers