

ikon**Letter of Comment No: 2134**
File Reference: 1102-100**From:** Gregory Campbell [greg@gregorycampbell.com]**Sent:** Friday, April 30, 2004 5:10 PM**To:** Stacey Sutay**Subject:** I am an individual investor and I am against your options proposal FAS 123

As a person in the high tech community, I run my own business and don't actually receive stock options from any company. However, I am an active investor and have used over the counter options as an investment tool before and do read the financial reports of the companies I own.

I just don't believe your proposal can accurately reflect the value of employee stock options. The last thing I want as an investor is another set of impossible to figure numbers attempting to indicate the price of something that ultimately cannot be priced for several reasons:

- Employee Stock Options can not be sold on the open market so they have no inherent value unless they are exercised
- When granted options aren't even vested and don't incur any cost to the company. Vesting takes several years (five on average for the companies I watch)
- If an employee leaves they forfeit any unvested options and never incur a cost to the company for those options
- If the employers stock does not appreciate the options can expire without ever incurring a cost to the company

Simply put, it is ridiculous to assume an employer is paying anything other than zero dollars for options they grant to an employee. Now, once an employee exercises any options that are above water and vested then a cost is incurred. That cost is currently being reported by every company I own in their literature.

If your proposal simply asked employers to indicate the number of OUTSTANDING VESTED options and their average strike price as an investment risk then that would be something simple investors could use to value the risk associated with owning shares of a company. As it stands now it is impossible for me to believe your proposal is anything but a political game that at best is worthless and at its worse can seriously undermine the competitiveness of many US companies.

Gregory Campbell
greg@gregorycampbell.com

Gregory Campbell Photography/Web Development
<http://www.GregoryCampbell.com>