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Letter to the Editor The Wall Street Journal 200 Liberty Street New York, NY 10281 Letter of Comment No:2155 File Reference: 1102-100

Dear Editor:

Stock Options Expensing - A Better Way

The FASB has reacted to political pressures by mandating the expensing of stock options in the Income Statement ("P & L").

Their proposal is bad accounting because it: requires companies to perform calculations that the FASB is unable to complete, ignores the fact that employee stock options are not marketable securities, is calculated using a company's volatility which leaves technology companies expensing 2.5 – 3.0 times more than a similar Coca Cola option, assigns twice the value for comparable options if a stock price-to-earnings multiple doubles, is inconsistent with the treatment of option accounting in the Statement of Cash Flows, creates a lack of P & L comparability for five years or more, doubles up on the economic cost of options in computing fully diluted earnings per share (EPS), frequently accelerates the expense if the stock appreciates, does not correlate to the treatment for tax purposes and, will put many companies in default with their creditors even though option exercises are a source of cash.

From a political perspective there could be a \$1.5 - \$2.0 trillion hit to the stock market, greater exporting of American jobs, inflation as added costs are passed along and undoubtedly more class-action lawsuits.

If the FASB really wanted to improve financial reporting, they would mandate that these questionable option expense calculations be included in the Statement of Comprehensive Income not in the P & L.

Very truly yours,

Robert S. Weiss

Executive Vice President and Chief Financial Officer

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