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From: Sent:

Greg Taylor [gftaylor@teleport.com] Monday, May 03, 2004 11:18 PM

To: Director - FASB Subject:

File Reference No. 1102-100

Dear sir,

I am writing about the proposal before the FASB for companies to expense employee stock options. Treating options as an expense ignores the question of valuing these options. Since the employee stock options that I have seen are subject to vesting periods of several years and are not transferable, how do you place a market value on them? Given that the cost to the company at time of exercise will vary from nothing (if the stock price is lower than the option price) to several times the option price (if new shares need to be bought to provide to the employee exercising the option) several years from the date of issue, how do you define an unambiguous present value of these options?

Letter of Comment No: 2154

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