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Letter of Comment No: 56 79  
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**From:** ikley@bellsouth.net  
**Sent:** Tuesday, June 29, 2004 2:34 PM  
**To:** Director - FASB  
**Subject:** Stock Options as Employee incentives.

Dear Sir/Madam -

I am concerned regarding certain changes being considered for Stock Option accounting practices.

While it is true that certain abuses have occurred in the past, I am worried that remedies being considered will unjustly punish the large number of employees who participate in such plans as part of employee incentives.

I work for a company that uses Stock Option grants as an incentive for employee performance and stability. All levels of employees participate in the plan; it is not just reserved for the highest management levels. It has been a great means for the average employee to feel that they have a stake in the company - it promotes a sense of "ownership" and pride in our work. The plan provides a means of rewarding loyalty and participating in the company's success.

I feel that such plans help American companies to keep their competitive edge with foreign markets. Workers are rewarded for their hard work and ingenuity. In addition, such plans provide an effective method of maintaining productivity - compensation is tied to corporate performance, allowing companies to control salary costs by using corporate stock participation as motivation.

Our employee stock options are approved by the stockholders and granted on a vesting schedule. I cannot understand how any reasonable dollar amount can be assigned to the outstanding options for current accounting purposes. Depending on corporate performance or unforeseen circumstances, the options could be worthless by the time vesting occurs or greatly undervalued.

I do not hold a managerial position within the company, but my family has benefited greatly from this method of incentives. It has encouraged company loyalty during the recent recessions. During good times, it has helped the average employee to participate in the American dream.

While I agree that there has been abuse of Stock Option grants for executives, to punish all plans for these abuses is not fair. Furthermore, it will add another handicap to American productivity at a time when we are trying to keep our competitive edge with foreign corporations.

Thank you for your time and consideration.

Sincerely,  
Joseph Ikley

6/29/2004