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Letter of Comment No: 5840 File Reference: 1102-100

From:

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Sent:

Wednesday, June 30, 2004 7:45 PM

To:

Director - FASB

Subject:

File Reference # 1102-100 Oppostion to expensing stock

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Gentlemen,

I would like to record my opposition to all of the FASB's existing proposals to expense employee stock options.

I bring a unique background to the assessment of this issue. Many of my 12 years of investor relations experience have been for high tech and biotech companies, most recently VP IR for a Nasdaq 100 biotech company. I have been President of two private high tech firms. I co-founded two biotech companies, one of which went out of business, and the other is still private after more than 20 years. At the moment, I am out of work and am looking for another job in the investor relations field.

My opposition to stock option expensing boils down to two points:

- 1. Options are ALREADY being expensed in the fully-diluted earnings per share calculation and through the larger number of shares outstanding when options are actually exercised;
- 2. The business community's response to a requirement to record an expense for options in addition to reporting their dilutive effect will be a sharp reduction in the number of options issued.

The status quo -- handling the cost of options through greater dilution as they are issued, and representing them in the fully diluted calculation -- is both the simplest and the fairest way to reflect their financial impact. Adding them to the share count as they are issued involves no uncertainty of the type contemplated in FASBs proposals for calculating option value. Further, this method is fair because options that are issued are added to the share count when the issuance occurs, and options that are never exercised are never added to the share count.

Regarding my second point, the reduction in options issued will disproportionately affect lower level, non-management employees who have no say in the development of corporate compensation policies. I believe many of these employees will simply be shut out all together from stock option participation. However, the highest management employees will continue to receive generous option packages. I am aware of one newly-hired CEO who actually used to controversy over options to his benefit: he negotiated a full options package, then succeeded in getting a sizable amount of restricted stock added to his package.

Stock options are an important part of the compensation package in my job search. Tech and biotech companies are risky ventures that pose considerable career risk, as I am now experiencing with my unemployment. The decision to devote one's career to these industries is helped measurably by the possibility of a successful option package. In considering possible employers, my choice will be influenced strongly by the options component of the offer.

At a minimum, I urge FASB to delay the adoption of any of its stock option expensing proposals for at least 3 years.

Please contact me if I can provide any additional information.

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