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Letter of Comment No: 5418  
File Reference: 1102-100

**From:** Stephen Siener [sgsiener@hotmail.com]  
**Sent:** Friday, June 25, 2004 2:44 AM  
**To:** Director - FASB  
**Subject:** File Reference No. 1102-100

Dear Mr. Herz,

My case against expensing stock options is a practical one. My companies, especially those in high technology, issue stock options to rank-and-file employees as a profit-sharing, motivational tool. This practice is in line with outside shareholders' interests. Without stock options, it will be difficult for many companies to attract, retain and motivate highly-skilled workers, many of whom have the opportunity to work outside the US where their efforts might be in direct competition with the interests of US businesses. Thus, if stock options become a bottom line expense and therefore fall out of favor with US businesses, those US businesses will surely lose their edge against competition (often foreign), to the detriment of our economy, shareholders' equity and our overall standard of living.

If options are to be expensed to curtail the excesses of corporate "fat cats," let the options of employees whose share exceeds a given percentage of the shares outstanding be expensed and leave unexpensed the options of those whose number of options falls below the threshold.

Finally, my understanding of employee stock options is that, if exercised, dilute the earnings of a company at the time of exercise by increasing the number of outstanding shares. This phenomenon is already entirely accounted for; listing not-as-yet exercised stock options as an immediate bottom line expense is absurd for many other obvious reasons, a few of which are the speculative nature of up-front option valuation and accounting for expensed but expired options or those that become nonexercisable for one reason or another.

Respectfully,

Stephen G. Siener

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