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Letter of Comment No: 2966  
File Reference: 1102-100

From: Allison Walton [alrenner@yahoo.com]  
Sent: Wednesday, June 02, 2004 11:27 AM  
To: Director - FASB  
Subject: FAS123 - Expensing of Stock Options

Dear sirs,

I wanted to write to you to express my distress at the idea of expensing broad-based employee stock options.

Let me first say that I don't think that stock options can be valued on a corporation's financial sheet. Stock options do not use company assets. The true cost of a stock option is the dilution of earnings per share (EPS) and is already accounted for when options are exercised or expire. Employee stock options are not freely tradable, and are subject to

forfeiture if an individual leaves the company. How can a company value something that the employee might not get to keep, is already account for in the stock, and does not take away from yearly earnings? Requiring them to be valued without a guideline to do so is asking for problems when every company does it differently. I don't think they should be required to be valued at all!

I also firmly believe that broad-based employee stock option plans help keep companies on the cutting edge and their employees motivated. I have a significant interest in how well my company does because

it affects my bottom line and my family savings. It is good for productivity if all of the employees have a reason for wanting the stock to do well. I'm not just an employee, I'm an investor, and I care how the company is run because of that.

If implemented, FAS 123 will likely end our stock options as we know them and cut significantly into my plans for savings, college for our future children, and retirement. It also might make me look outside the tech industry for a stable high paying job. Currently inside the tech industry our stock options are part of our compensation, especially when we can't be as high paid as others in the industry. They don't have a direct cost to the company but they help keep the engineers here.

In closing I want to say that stock options definitely affected my interest in the high-tech sector in college and that I love my job. But if the company has to take away our stock options because of this ruling, I may consider leaving the company to find a job with a higher base pay. We took a risk in taking jobs where part of our compensation is in stock. I accept that but I don't know that I can accept the base salary without that incentive to stay. Please consider these points in making your decisions for expensing stock options.

Thank you for your time.

Sincerely,  
Allison Walton

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