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Letter of Comment No: 2796
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From: Bbb9876@aol.com
Sent: Thursday, May 27, 2004 3:09 PM
To: Director - FASB
Cc: eoc@vennstrategies.com
Subject: espp

Re: Share-Based Payment Exposure Draft

I work for a company that allows employees to purchase my employer's stock at a discount through an Employee Stock Purchase Plan (ESPP). I understand that the Financial Accounting Standards Board (FASB) has proposed a change to accounting standards that would require my company to count this discount as an expense against its earnings (Share-Based Payment exposure draft). I respectfully request that you reconsider this proposal and not require expensing of the discount allowed in ESPPs.

I am concerned that required expensing of the discount in the ESPP may make this valuable benefit plan less attractive to my employer, potentially causing my employer to either discontinue the plan, or reduce or eliminate the current discount. If the discount is greatly reduced or eliminated, buying company stock through the ESPP would no longer be much of a benefit. Unlike benefits aimed only at high-paid executives, this is a valuable benefit for employees across the company. I just read that Microsoft made changes to their ESPP which makes the plan much less attractive to the rank and file employee.

The ESPP is a very important benefit to me. Being able to participate in an ESPP has enabled me to invest in my financial future and experience a sense of ownership in my company. I bought my first car and saved enough for a down payment on a house (after 10 years) using ESPP. Everyone I know has the same type of story. This benefit helped attract me to and serves as an incentive for me to remain with my employer. I could even say I continuously strive to perform to the best of my ability because I am an owner of the company. The senior execs will always get paid in one way or another, but I am concerned that making companies expense broad based plans will eliminate this benefit for the lower level employee who really needs this type of help.

I strongly urge FASB to consider the negative impact the proposed rule would have on the nearly 16 million workers like me and eliminate the expensing requirement for ESPP discounts in the final rule.

Thanks for listening.

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