

## Stacey Sutay

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Letter of Comment No: /0# -  
File Reference: 1102-100

**From:** Director - FASB  
**Sent:** Tuesday, April 20, 2004 2:13 PM  
**To:** Stacey Sutay  
**Subject:** FW: Expensing Stock Options



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-----Original Message-----

From: Jeffrey Hirschman [mailto:jeffh@stanfordalumni.org]  
Sent: Monday, April 19, 2004 7:56 PM  
To: Director - FASB  
Subject: Expensing Stock Options

Chairman Robert H. Herz,

I'm writing you because I am concerned about FASB's plan to force companies to expense stock options. I see this as problematic for two fundamental reasons.

First, I see the valuation that FASB is planning to place on stock options to be artificially high, which will strongly deter companies from using them as performance incentives.

I find the argument that stock options are currently actually hidden expenses to be unconvincing, since they do not represent assets of the company, and their actual cost to the stock holder -- the dilution of the stock -- is accounted for when the options are exercised.

Secondly, I feel this is going to make U.S. companies, particularly high technology companies, to be less competitive. Stock options have been the only path I've had in my career to own part of any company I've worked for, and these stock options have motivated me to work harder, as I felt my personal success would translate into success for the company.

It's true that most companies distribute a disproportionate amount of options to their high level executives, but there are many companies which distribute options to all of their employees, and my experience is that employees of these companies work harder, and pay a lot more attention to the success of the company.

So I request that you change the course you appear to be on. Please do not force companies to expense stock options, and allow this form of employee ownership to continue.

Thank you,

Jeffrey Hirschman  
Los Altos, CA

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