

ikon**Letter of Comment No: 2848**
File Reference: 1102-100

From: Bellos, Christos [Christos.Bellos@nasdaq.com]
Sent: Tuesday, June 01, 2004 8:56 AM
To: Director - FASB
Subject: File Reference No. 1102-100

Dear Sirs,

I write to urge you to cosponsor the Stock Option Accounting Reform Act of 2003 (S. 1890 and H.R. 3574), cosponsored by Senators Enzi and Reid and Representatives Richard Baker, David Dreier and Anna Eshoo. The legislation would protect broad-based stock option plans, while addressing the accounting for options granted to senior corporate executives in response to concerns over executive compensation.

Stock options give employees at all levels a stake in the success of our companies. They encourage the hard work and entrepreneurial spirit that fuel innovation, increase productivity and boost shareholder returns.

I have personally seen the motivating effects of employee stock option programs. Owning options makes me feel like I have a real stake in the success of my company and increases my dedication and long-term commitment to my work. Stock option programs are also good for shareholders because employees are rewarded only if our company's stock value increases. In the past, my stock options have enabled me to improve my quality of life in meaningful ways. Even when my options are "underwater," I feel personally tied to the success of my company.

The Stock Option Accounting Reform Act would require a study of the impact on the economy and innovation prior to expensing options

for rank-and-file workers. However, it would mandate expensing of stock options awarded to top executives of large companies. As a result, the legislation will not needlessly jeopardize the benefits provided by broad-based stock option plans.

There is a real need for a comprehensive study, outside the exclusive domain of the accounting profession, because current valuation proposals would create a highly distorted picture of the real economic effects of broad-based stock option grants and thereby create more confusion for investors.

Many technology companies grant options to the vast majority - and often to 100 percent - of their employees. If options are required to be treated the same as a cash expense, companies would drastically reduce the number of people who receive options, probably restricting them to the most senior executives.

This legislation recognizes the importance of broad-based employee stock options to rank and file employees, to innovation, and to economic growth that benefits all of us.

I hope you will cosponsor this important bill. Your leadership on this issue is greatly appreciated.

Sincerely,

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