

ikon

Letter of Comment No: 1676
File Reference: 1102-100

From: Jeff Olivier [jolivier23@yahoo.com]
Sent: Friday, April 23, 2004 10:17 AM
To: Director - FASB
Subject: File Reference No. 1102-100

To whom it may concern:

I am aware of the recent attempts to enforce mandatory expensing of stock options by US companies. While I think that something ought to be done to prevent situations like that of Enron in the future, I feel that expensing of stock options is both an inaccurate and misguided attempt to do this. I work for a company that has a broad based stock option program where stock options are given as an incentive to most employees. I feel that these programs are a good way of compensating the employees for the success of the company and I hope that our government doesn't make legislation to harm the feasibility of such programs.

There are a few reasons why expensing options is just plain wrong. First of all, there is no accurate way to do it. There is a relatively high turnaround at my company for instance and when people leave the company, they forfeit unvested or underwater options so a high percentage of options are never exercised. For instance, I have options that vest equally over the next 4 years. It is possible that I will move before that time is up so up to 1/3 of my options would go unused. Many of my coworkers have options that will expire in 5 or 6 years that are WAY underwater and it is unlikely that the stock price will increase enough to exercise them. The bottom line here is that nobody can predict the future.

Furthermore, stock options are an incentive to stick around with a company in a time where it is difficult to retain employees. Too much employee turnover is harmful to a company's productivity and ultimately to the economy. I believe that forcing companies to expense options will harm their ability to give broad based options programs and to retain employees.

Please don't make changes in the system just to say you did something. We have far too many government programs that were created for political gain without enough thought about long term effects (ie. Social Security). Please consider taking time to study the effects of such a decision before making a decision that your children will have to pay for down the road.

Thanks,
Jeff Olivier

Do you Yahoo!?
Yahoo! Photos: High-quality 4x6 digital prints for 25¢