

Letter of Comment No: 229

File Reference: 1102-001

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Financial Accounting Standards Board
401 Merritt 7
Post Office Box 5116
Norwalk, Connecticut 06856-5116

Re: Public Comment on Stock Options Expensing
File Reference No. 1102-001

Sirs and Mesdames;

As I normally have neither the time nor the inclination to engage in letter writing to standard-setting bodies, this letter is a tangible measure of the extent of my astonishment, outrage, and incredulity. Frankly, it is difficult for me to believe that the idea of *not* expensing options is still subject to any debate. I am left sputtering like a madman. I am dumbfounded. I am stunned. It is incredible. It is an *opera bouffe*.

Try as I may, I am incapable of surpassing the simple logical elegance of Warren Buffett's question:

"If options are not an expense, what are they?"

Not one proponent of options has yet been so bold as to deny that they are, in fact, anything other than an expense. No proponent has even come close. Rather, their various flawed defenses are draped in convolutions of casuistry that make Orwellian "newspeak" seem straightforward. This question has defied any cogent answer due to the inconvenient fact that options are **ABSOLUTELY** and **UNDENIABLY** compensation. No intelligent man could believe or suggest otherwise. As awful as it is, dadgummit, when an expense is incurred, it really ought to be accounted for.

Now come the likes of John Doerr, Wick Simmons, Al Berkeley, and T.J. Rogers *et al* to obfuscate the issue with magical thinking. They raise fuzzy issue after fuzzy issue. When rendered in the tryptot of reason, all of the arguments against expensing ultimately boil down to a simple inconsistency:

"Don't account for the expense of options because, if you do, the enormous cost will be seen (i.e., accounted for)."

I fervently hope the Board will decide in favor of honest and truthful accounting in this matter. Please make the recognition of all stock option expense mandatory on the income statement as of the date of grant.

Respectfully yours,
"Bucky" Rulon-Miller, CFA