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Letter of Comment No: 1659
File Reference: 1102-100

From: Robert Kissell [rkissell@nc.rr.com]
Sent: Thursday, April 22, 2004 12:33 PM
To: Director - FASB
Subject: File Reference No. 1102-100 - NO to Stock Option Expensing

Chairman Herz:

I hope that you will consider my inputs regarding the issue of Stock Option expensing

I strongly believe that FASB should NOT proceed with its intentions to require expensing of stock options, partly due to the challenges associated with properly valuing these options, but more importantly for the harm that I think this decision will cause.

I happen to work for a company that issues stock options to its employees. Fortunately - my company uses a broad-based option program whereby all employees, not just the top executives are incented with stock options. This has had a profound impact on the overall success of the company. Each and every individual is profoundly aware of the number one goal - Increasing shareholder value by making decisions to increase revenue while reducing operating expenses. Every single employee has an impact on at least one of these two business parameters - and when you can indisputably cause everyone to use "increased shareholder value" as a metric by which to evaluate decisions - you empower your entire workforce and have them working collectively against a target goal.

I have also worked for companies that have not incented their employees in such a manner. In these companies, I think productivity was much lower, because the entire company was not moving in a consistent direction - and the direct linkage between reaching those goals and employee benefit did not exist.

I am greatly concerned with the effects of implementing stock option expensing will be. My belief is that this will have a profound effect - individuals will be far less interested in working with the US leading innovation companies, students will become less incented to pursue technical educations, an increased number of jobs will be sent overseas, and the productivity of the workforce will inevitably decline.

Please do not mistake the abusive practices of isolated executives that exploited Stock Option programs limited to a small group of senior executives with the benefits of the programs when extended over an entire employee base. I believe that the former issue can be dealt with in a manner that does not harm the productivity of entire workforces.

Thank you for your consideration on this matter.

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