

Stacey Sutay

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From: Michael Riccio [mailto:sempre@optonline.net]

Sent: Tuesday, September 17, 2002 1:05 AM

To: fasbcomments@fasb.org

Subject: FASB's Plans Regarding the Accounting for Employee Stock Options

To Whom This May Concern,

A stock's P/E can look radically different depending on how stock options are figured in. Here's why we need companies to record stock options as the expense they are.

The U.S. Senate voted 88 to 9 for the Lieberman Amendment. This amendment scuttled a Financial Accounting Standards Board rule that would require employee stock options to be treated as an expense. As a result, people continued to invest in the dark, and the stage was set for the bubble that followed. The bipartisan Lobby to Keep Investors in the Dark worked well then. It continues to work today.

We're still in the dark about what we really own and what it might be worth. Here's an example: Dell Computer ([DELL](http://moneycentral.msn.com/scripts/webquote.dll?Page=qd&Symbol=DELL)) [news](http://moneycentral.msn.com/scripts/webquote.dll?Page=qd&Symbol=DELL) [msgs](http://moneycentral.msn.com/scripts/webquote.dll?Page=news&Symbol=DELL) [was](http://moneycentral.msn.com/community/message/board.asp?Symbol=DELL) recently selling at 40.2 times trailing fiscal year earnings. But when you adjusted its figures according to Standard and Poor's "core earnings" measure, the stock was selling at a stunning 122.6 times earnings. As you might expect for a stellar growth company, the entire difference is accounted for by the cost of stock options.

Today, technology companies are defending the current treatment of stock options just as they did in 1994. They say stock options are a vital recruiting tool. They say stock options are an irreplaceable part of their incentive and compensation plans. They do everything but face the chaos and devastation that now reigns in technology and in the portfolios of those who held technology stocks.

In a milder decline it might be possible to defend the obfuscation of stock-option accounting. But this is not a mild decline. This is a tipping-point decline, one that alters perceptions and changes lives. I understand that. You understand that. Warren Buffett understands it.

So how is it that the technology managers and their politicians don't get it?

I urge you that you must fight for **REQUIRING** the expensing of stock options for the benefits of shareholders and society. We can not afford another bankruptcy like WorldCom and Enron because if this keeps up you will completely lose the confidence of the investing society. I urge you to do the right thing not the selfish and political request to keep stock options off the books. We are deceiving society the same society that made executives, officers and selfish investors billions of dollars.

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From: Michael Riccio [mailto:sempre@optonline.net]

Sent: Tuesday, September 17, 2002 1:19 AM

To: fasbcomments@fasb.org

Subject: FASB's Plans Regarding the Accounting for Employee Stock Options

To Whom It May Concern,

A few minutes ago I sent an email discussing the importance of expensing stock options. When I typed that it be **REQUIRED** that stock options be expensed I mean that the stock option expense be required to be put on the income statement as an expense to determine the net income on the income statement. I will not stop fighting for this because the shareholders have every right to see the net income after stock options have been expensed.