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From: Craig Smythe [craigrsmythe@yahoo.com]

Sent: Thursday, April 29, 2004 1:55 PM

To: Director - FASB

Subject: Don't expense Options

Dear Mr. Director:

I believe expensing options will put the US at an economic disadvantage in the global high tech market.

- Stock options have served as a significant tool to drive American high tech leadership, innovation and job creation. If implemented, FAS 123 will likely bring an end to broad-based employee stock option plans inside the United States.
- 2) U.S. companies need broad-based employee stock option programs to compete with other countries on a global basis. Other countries, including China, do not expense stock options.
- 3) These broad-based employee stock option plans not only enhance productivity but also benefit shareholders by better aligning employee and shareholder interests.
- 4) Stock options do not meet the definition of an expense because they do not use company assets. The true cost of a stock option is dilution of earnings per share (EPS) and is already accounted for when options are exercised. Employee stock options are not freely tradable, are subject to forfeiture if an individual leaves the company, and are therefore impossible to value.

Thanks,

Craig Smythe

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