Letter of Comment No: 1720

File Reference: 1102-100

Len Tatore

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Sent:

Thursday, April 22, 2004 6:28 PM

To: Director - FASB

Subject: File Reference No. 1102-100

Dear Committee.

I am strongly against to expense the stock options. By treating employee stock options as an accounting expense, it disregards three fundamental issues. First, employee options are not freely tradable. How do you value something that has no market? How do you put a price on something if it's not for sale? The answer is that you cannot. There is no accurate way to value these options without an open market.

Second, employee stock options are subject to lengthy vesting periods—typically four or five years. If the employee changes leave the company before the options vest, they are forfeited. So no matter what price you put on the options, it would be completely wrong.

Finally, employee stock options will be exercised only if the stock price rises above the strike price. How does one predict future stock prices with any degree of certainty? There are entire industries dedicated to such a practice, yet no one is able to predict with absolute certainty what a stock price will be over a given length of time.

Thank you for listening,

Jian Wu

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