

**Karen Salmansohn**

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**From:** Len Tatore  
**Sent:** Friday, January 17, 2003 3:04 PM  
**To:** Karen Salmansohn  
**Subject:** FW: File No. 1102-001, Stock Opti

**Letter of Comment No:** 25  
**File Reference:** 1102-001  
**Date Received:** 1-17-03

-----Original Message-----

**From:** Jacobs, William [mailto:jacobs.w@ems-t.com]  
**Sent:** Friday, January 17, 2003 10:37 AM  
**To:** 'director@fasb.org'  
**Subject:** File No. 1102-001, Stock Option Expensing

Ladies and Gentlemen:

I am writing on behalf of EMS Technologies, Inc. to urge that FASB not undertake to require US companies to record expense charges for employee stock options. While options may be a substitute for employee benefits that are expenses, options are not themselves an expense item. They affect the shareholders through potential dilution, which is already addressed in the EPS calculation process. They do not affect the enterprise's cash (except positively upon exercise) or any other balance sheet asset, and the artificiality of expensing options is reflected in the contortions required to establish both a "value" and a mechanism for recording that value into the double-entry accounting system.

Expensing stock options would be particularly harmful to the competitive position of smaller-capitalization enterprises. We believe it quite understandable that the companies that have voluntarily adopted an expensing mechanism are well-established, have less need for entrepreneurial employees, and have capital structures and operating statement levels that are relatively large in comparison with compensation costs. The impact of artificial expensing on companies such as ours would be quite different.

Thank you for considering our comments.

Bill Jacobs  
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