

ikon

From: Eide-Altman, David [David.Eide-Altman@nasdaq.com]
Sent: Tuesday, June 01, 2004 10:55 AM
To: Director - FASB
Subject: File Reference No. 1102-100.

Dear Director of the Financial Accounting Standards Board,

I want to request that you have the board reconsider the planned change in Financial Accounting Standards concerning stock options expensing on corporate financial statements.

Many see corporate expensing of stock options as an issue for only technology firms, but, in fact, companies across all industry sectors have successfully used options to attract talent and more closely align interests of employees with those of the companies.

Mandatory expensing definitely will discourage companies from issuing stock options to employees, thus discouraging entrepreneurship and business development.

More than an accounting issue, this is an economic issue that could have far-reaching negative consequences on many U.S. industries, hurting rank and file workers as well as corporate competitiveness and innovation.

FASB's plan will not improve corporate governance and will not help investors gain a complete understanding of a company's finances.

Currently there are no valuation models for options (e.g. the Black-Scholes or lattice model) that are considered to be reliable, consistent or comparable.

Stock options are very different from market-traded options. It is impossible to create an accurate value, and expensing based on available methodologies would in fact undermine the credibility of financial statements. If companies are allowed to adopt FASB's different valuation models, inconsistent valuations and investor misinformation will be the result.

There are huge costs associated with implementing the expensing of stock options which will negatively impact the accuracy and comparability of financial statements.

Other more broad-based Stock Options issues to consider are:

- There is no direct evidence that unethical and illegal corporate behavior aimed at inflating stock values is in any way tied to broad based stock options plans.
- The "cost" of options is already reflected in financial statement in the dilution of earnings per share.
- Broad-based options plans are an entrepreneurial incentive that sparks innovation, enabling the creations and growth of successful companies that in turn provide jobs.
- Broad based plans help align the interest of employees with that of the company.

Thanks you for considering these concerns.

Very sincerely,

David Eide-Altman

6/1/2004

DE