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Letter of Comment No: 1740
File Reference: 1102-100

From: jmarsland@mindspring.com
Sent: Monday, April 26, 2004 8:13 PM
To: Director - FASB
Subject: Comment on share-based payments - Reference No. 1102-100



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Mr. Herz:

Thank you for the opportunity to comment on the FASB proposal regarding share-based payments.

I understand your goal to provide the investing public financial standards so that they can make the best decisions. But I am concerned that your proposal does not provide any additional information over what is readily available today, and that the unintended negative impact of your proposal will be felt in a wide variety of ways. Let me outline just a few for you.

Broad-based stock option compensation plans provide incentive to employees and align their activity with shareholder interests. This is good for companies and good for all shareholders. Expensing options will limit or eliminate stock option plans, reduce employee incentive, and negatively affect company performance and shareholder value.

The degree of guesswork involved in expensing options is enormous. Black-Scholes is inherently a short-term option model. To apply it to employee options that extend for perhaps a decade and try to predict ten-year market volatility is ridiculous. To force shareholders to make decisions based on this conjecture-masquerading-as-fact is detrimental to intelligent investing.

Startup companies will find it difficult to compete for new talent without the ability to give options. This will limit the growth of new business and limit the positive economic impact that new companies have on the US economy.

US jobs are being sent to Asia where the labor cost is lower. Your proposal will add to the incremental cost of US workers, make offshore workers more attractive, and accelerate the US job loss.

Your proposal will not provide additional information on a company's financial activity, and it will be detrimental to shareholders, investors, startup companies, and to US workers. Please reconsider and rescind your proposal.

Sincerely,

John R. Marsland