

ikon

---

Letter of Comment No: 583  
File Reference: 1102-100

**From:** Mark Townsley [mark@townsley.net]  
**Sent:** Tuesday, April 20, 2004 9:54 AM  
**To:** Director - FASB  
**Subject:** File Reference No. 1102-100 - Stock Options

Dear Mr. Chairman Robert H. Herz,

This email is in referent to "File Reference No. 1102-100"

I am an individual contributor at a company which grants stock options as a portion of potential compensation. There are a number of creative ways a company can reward its employees, and Stock Options are among those that have the most direct link to stock performance. More than "restricted stock" or any other method which imparts employee ownership, stock options are only valuable \*if\* the company stock appreciates. If the company stock depreciates they are worth nothing.

More than individual bonuses, or other short term rewards, stock options are a direct link between me and anyone who purchases stock in the company I work for. This has created an atmosphere unlike any other I have seen at other companies I work for. EVERYONE in the company watches the stock price. It is common hall talk to discuss the price (and how everyone can work together to make it go up).

Breaking this culture will undoubtedly be damaging to the productivity of the company I work for. One way to do that, is to force companies to stop handing stock options out to everyone in the entire company. From what I understand of the new FASB regulations that may come soon, that's exactly what may happen.

I can understand the FASB wanting to react to abuses. Repricing of already issues stock options is a classic example which I believe should incur a realizable expense at the moment it occurs. But, stock options that are granted to me are worth nothing if the stock doesn't go up, and have very restrictive exercising rules. I don't see how they can be compared to an over the counter stock option.

After seeing the culture that broadly dispensed stock options creates at my company, as a shareholder of that company, I do not want to see that link between individual contributors and shareholders broken. If a mistake is made in how stock options are expensed, this could happen and a very powerful tool for companies and the US economy affected.

We are in the midst of a budding economic recovery. Please do not do anything to hurt that at this critical moment.

Sincerely,

- Mark Townsley