Dear Sir or Madame:

It is an absolute accounting travesty that you people are considering implementing a new FASB statement that will require the expensing of the "fair value" of executive/employee stock options in future US company P&L's.

My reasoning is simply, correctly, and logically, as follows:

This is strictly an opportunity cost - it has absolutely no impact on cash flow. Unless you also require all other opportunity costs to also be expensed in the P&L, you are guilty of selective accounting practices.

For example, why not also require all US manufacturing entities that source any of their production in low-cost overseas locations to also include an "opportunity cost" in their P&L's which reflects the cost differential between their actual overseas production costs, and what their costs would have been - if they had sourced their overseas production in higher, non-competitive, US cost locations?

You simply cannot logically justify including one of these opportunity costs without also including the other.

To do otherwise, you are simply and unequivocally "cow-towing" to the high-cost, non-competitive, US large-cap companies that (selectively) cry for theoretical "level playing fields", while actually dominating FASB decisions!

I look forward to your response - if you have one.

Duane Malmstrom
email address: kmalmstr@ties2.net