Stock options are key for innovation. If stock options are going to be expensed many startups would die. People will not have any incentives to work long hours for startups or smaller companies without stock options. Even for larger companies stock options are key motivator for employees to perform their best. It could also lead for more job migration to foreign countries as companies would cut the cost to accommodate for the expense of stock options. It will put US on the path of deceleration. There are many other issues with stock option expensing.

Accounting Issues:

- The artificially high valuation for a stock option required by FASB will eliminate stock options as a tool which has driven innovation and productivity.
- Stock options do not meet the definition of an expense because they do not use company assets.
- The true cost of a stock option is dilution of earnings per share (EPS) and is already accounted for when options are exercised.

Competition:

- U.S. companies need stock options to compete with other countries on a global basis. (Example: Chinese companies use stock options and they do not treat them as an expense.)
- Expensing stock options could have a dramatic impact on American high tech leadership, innovation and job creation. In today's economic environment, the number one rule should be 'first, do no harm'.

Please DO NOT pass any legislation to expense stock options.

Sanjay