June 4, 2004

Susan Bielstein  
Director of Major Projects & Technical Activities  
Financial Accounting Standards Board  
401 Merritt 7, P.O. Box 5116  
Norwalk, CT 06856-5776

Re: Exposure Draft – Share Based Payment  
An Amendment of FASB Statements No. 123 and 95  
Roundtable Discussion in Palo Alto, CA on June 24, 2004

WorldatWork is the leading association of human resource professionals, representing 23,000 members from North America's largest companies. These professionals are charged with designing compensation strategies for their companies, which will be greatly affected by this proposal.

In 1994, WorldatWork, then known as the American Compensation Association (ACA), presented its observations regarding employee stock option accounting to the Board at a hearing in San Jose, CA. Representing WorldatWork/ACA was Robert Miller (Pacific Telesis Group), George Paulin (Frederick W. Cook & Co.) and Alan J. Ritchie (General Mills, Inc.).

We respectfully request to speak at your roundtable meeting on June 24, 2004 in Palo Alto, CA. The individual representing WorldatWork will be Charles Bell, Vice President of Compensation and Benefits at Amgen, Inc. Mr. Bell also serves as the Chairman of the WorldatWork Strategy Committee. His phone number is 805-447-8912 and e-mail address is cbell@amgen.com.

After reviewing the current Exposure Draft, WorldatWork members expressed some concerns regarding the proposal:

- The proposed fair value option-pricing model may not accurately reflect the cost of employee stock options, is too complicated and may not be comparable between companies;
- WorldatWork members would prefer a more specific valuation methodology from the Board, otherwise consulting and compliance costs to ascertain the “right” methodology will be burdensome;
- Most members believe a later effective date will ease transition problems and allow companies to find the best valuation methodology.
- The proposal to expense employee stock purchase plans will have a detrimental effect on the use of those plans as a compensation tool;
• Stock option grants to employees below the executive level will be greatly curtailed and result in a shift away from broad-based stock options to employees.

Mr. Bell will be able to expound on the above-mentioned concerns at the roundtable discussion. WorldatWork will submit additional detailed comments on the specific issues in the Exposure Draft at a later date.

Sincerely,

Jeffrey J. Kros, Esq.
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WorldatWork
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