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Robert J. Hugin
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June 30, 2004

Letter of Comment No: 6512
File Reference: 1102-100

Via E-Mail and Regular Mail

Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Dear Sirs:

Having held the FASB in high regard for so long, it is with great regret and reluctance that I am writing in opposition to your proposal to change the accounting for employee stock options. I am extremely concerned that the proposed changes will, in fact, produce results very different from those intended. This change runs the risk of significantly damaging both the integrity of individual financial statements and the credibility of the overall system of financial reporting. There is a high probability it will lead to the more common use of non-GAAP measures to insure comparability among companies. Please take more time to fully consider the impact of this proposal.

I am especially concerned about the timing of the proposed implementation. I am sure that you know that the most widely used employee stock option software tools to manage stock options do not even have a binomial option valuation module. The likelihood for substantial differences in valuations for similar companies will be significant. These variances will lead investors to seek non-GAAP measures to insure appropriate operating comparisons. Your efforts to limit the increasing role of non-GAAP measures in financial statements will be dramatically undermined. More importantly, it will be clear to a broader audience that the non-GAAP numbers will be a more accurate relative representation of comparative operating performances among companies. The lack of rigorous data to evaluate different valuation methodologies necessitates continued study prior to implementation in the financial statements versus footnote disclosure.

There are numerous additional economic and financial reasons that have been well documented that argue against adoption of this proposed change. Most importantly the credibility of your organization is at stake. This action is being perceived as an ineffective short-sighted reaction to abusive conduct at a small number of firms that will have a negative impact on the economy and on the integrity of our accounting principles. You are recommending the adoption of a process that will lessen accuracy and add more speculative estimates to the core financial statements at a time that we should be moving in the opposite direction. Bottom-line, this proposal is bad business and bad accounting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Robert J. Hugin", written over a light-colored background.



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James R. Swenson
Corporate Controller
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June 30, 2004

Via E-Mail and Regular Mail
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: Accounting For Stock-Based Compensation

Dear Sirs:

I am writing to you to express my concerns regarding the FASB's share-based-payment exposure draft. My first concern is that from an accounting perspective, the proposed guidance does not provide a true-up mechanism to reconcile the expense estimated at the grant date of the award to the actual expense determinable at the exercise, forfeiture or expiration date. While, under the "matching principle," I can appreciate the rationale for recognizing expense associated with a stock-based award over the vesting period, I believe there should be a mechanism to eventually reconcile the estimated expense to the award's settlement value. Such is the case with other financial statement estimates based on future events. For example, the estimated costs for pension and postretirement benefits and environmental liabilities are ultimately adjusted to reconcile differences between actual and estimated costs. Under the proposed standard, no such true-up mechanism exists.

Moreover, as Corporate Controller of a growing bio-pharmaceutical company, I cannot over-emphasize the role of stock options in attracting and retaining valued employees. If expensing stock options is mandated, I am confident that Celgene, like many other companies in the biotechnology space, will find it more difficult to attract and retain talented individuals.

I urge the FASB to delay implementation of any final standard until such time as it can properly address these issues. Namely, a method to reconcile cost estimates made at the grant date to subsequent actual experience as well as, to assess the impact that stock option expensing will have on growing companies involved in innovative technologies and on the economy in general.

Respectfully submitted,

A handwritten signature in black ink, appearing to be "JRS", written over a faint, larger version of the signature.

James R. Swenson
Corporate Controller, Chief Accounting Officer