

March 7, 2005

The Honorable David Dreier
233 Cannon House Office Building
Washington, DC 20515

The Honorable Anna Eshoo
205 Cannon House Office Building
Washington, DC 20515

Dear Representatives Dreier and Eshoo:

The undersigned organizations strongly support HR 913, legislation that will preserve broad-based employee stock option plans and provide investors with clear and understandable information on employee stock options. We appreciate very much your leadership and longstanding commitment to preserving broad-based stock option plans.

FASB's new standard requiring the expensing of all options without an accurate or reliable valuation method is likely to have a hugely negative economic impact. For example, economic studies have indicated that by strongly discouraging the use of employee stock options, FASB's standard may lead to a loss of \$2.3 trillion in economic output. In addition, state and local governments could lose as much as \$563 billion in tax revenue.

HR 913 recognizes that broad-based plans are a powerful tool for attracting and retaining talented workers and should not be eliminated, particularly at a time when foreign competitors, such as those in China and Taiwan, are increasingly relying on stock options as a key incentive. The legislation would help ensure that financial statements are not distorted by including the grossly inaccurate and unreliable numbers that current option pricing models generate.

The continued use of broad-based employee stock option plans encourages innovation and entrepreneurship and ensures that the United States will retain its global technological and economic supremacy. We look forward to working with you and your colleagues to ensure that this critically important tool is preserved.

Sincerely,

American Business Conference (ABC)

The American Business Conference (ABC) is a Washington-based coalition of CEOs of midsize, high growth American companies. ABC members advocate public policies designed to promote economic growth and a higher standard of living for all Americans.

ABC is currently chaired by Alfred P. West, Jr., CEO of SEI Investments, Oaks, Pennsylvania.

American Electronics Association (AeA)

AeA is the nation's largest high-tech trade association. It has nearly 3,000 member companies that span the high-technology spectrum, from software, semiconductors, and computers to Internet technology, advanced electronics, and telecommunications systems and services.

Biotechnology Industry Organization

BIO represents more than 1,000 biotechnology companies, academic institutions and state biotechnology centers and related organizations.

Business Software Alliance (BSA)

The BSA is the foremost organization dedicated to promoting a safe and legal online world. It is the voice of the world's software, hardware and Internet sectors before governments and with consumers in the international marketplace. BSA members represent the fastest growing industries in the world. BSA educates computer users on software copyrights and cyber security; advocates public policy that fosters innovation and expands trade opportunities; and fights software piracy. Established in 1988, BSA has programs in 65 countries worldwide.

California Healthcare Institute (CHI)

The California Healthcare Institute (CHI) is devoted to developing and advocating policies that promote biomedical science and innovation in California. Today, CHI has built a membership of over 250 of the state's leading biotechnology, pharmaceutical, medical device and diagnostic companies, and academic and research institutions.

Computing Technology Industry Association (CompTIA)

CompTIA, the Computing Technology Industry Association, represents more than 19,000 computing and communications companies and thousands of technology workers in over 89 countries.

Information Technology Industry Council (ITI)

ITI is the leading voice of the high-tech industry. ITI promotes policies that advance industry leadership in technology and innovation, open access to new and emerging markets, support e-commerce expansion, protect consumer choice, and enhance the global competitiveness of its member companies.

The Medical Device Manufacturers Association (MDMA)

The Medical Device Manufacturers Association (MDMA) is a national trade association based in Washington, D.C. that represents manufacturers of medical devices, diagnostic products and health care information systems. MDMA seeks to improve the quality of patient care by encouraging the development of new medical technologies and fostering the availability of beneficial innovative products.

The National Venture Capital Association (NVCA)

The National Venture Capital Association represents over 450 venture capital and private equity organizations. NVCA seeks to foster greater understanding of the importance of venture capital to the U.S. economy, and support entrepreneurial activity and innovation. The NVCA represents the public policy interests of the venture capital community, strives to maintain high professional standards, provides reliable industry data, sponsors professional development, and facilitates interaction among its members.

Additional information about the NVCA can be found at www.nvca.org.

SEMI

SEMI is a global industry association serving companies that develop and provide manufacturing technology, materials and services used to make semiconductors, flat panel displays (FPDs), micro-electromechanical systems (MEMS) and related microelectronics. SEMI maintains offices and hosts programs and activities in every major microelectronics and display manufacturing region around the world. For more information, visit www.semi.org.

The Semiconductor Industry Association (SIA)

The SIA is the leading voice for the semiconductor industry and has represented U.S. semiconductor companies since 1977. Collectively, the chip industry employs a domestic workforce of 255,000 people. More information about the SIA can be found at www.sia-online.org.

Software Finance and Tax Executives Council

The Software Finance and Tax Executives Council provides industry focused public policy advocacy in the areas of tax, finance and accounting.

Software & Information Industry Association (SIIA)

The Software & Information Industry Association (SIIA) is the principal trade association for the software and digital content industry. SIIA's more than 600 members are software companies, ebusinesses, and information service companies, as well as many electronic commerce companies, ranging from the largest and oldest technology enterprises in the world, to smaller and newer companies.

The Technology Network (TechNet)

TechNet is a national network of more than 200 chief executive officers and senior partners of the nation's leading technology companies in the fields of information technology, biotechnology, venture capital, investment banking and law.