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March 19, 2003

The Honorable David Dreier
Chairman
Committee on Rules
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Dreier:

I am writing to thank you for your leadership on the issue of stock options accounting and to express ITI's strong support for the Broad-Based Stock Option Plan Transparency Act of 2002. This legislation will increase the transparency of financial statements while protecting employee ownership through stock option plans.

By requiring a "plain English" discussion of the effect of stock options on share value and dilution, increased comparability of stock option-related information, and a summary of stock options granted to top executives, this bill will increase transparency and make important financial information more readily available to investors. ITI strongly supports efforts to ensure transparency, reliability and accuracy in financial reporting in order to best serve investors.

However, we believe that existing option pricing models do not accurately or reliably compute the value of an employee stock option, and as a result, mandatory expensing would provide less accurate information to investors. The studies called for in the bill will closely examine the effect of increased disclosures and the economic impact of broad-based employee stock option plans.

The high-tech community has been the leading user of employee stock option programs, and was the first industry to grant options to employees below the senior executive level. Options have been integral in attracting top talent, cultivating an environment of entrepreneurship and innovation, raising productivity, and promoting corporate employee ownership. Passage of this legislation will be an important step in preserving this vital tool.

ITI is the association of leading U.S. providers of information technology products and services. It advocates growing the economy through innovation and supports free-market policies. ITI members have worldwide revenues of more than \$668 billion and employ more than 1 million people in the United States.

We look forward to working with you on this issue.

Best regards,

Rhett Dawson
President

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