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### Google options to be sold on Web

By Chris Gaither, Times Staff Writer  
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**SAN FRANCISCO** — Google Inc. wants to give its employees more options for their options.

In what's believed to be a corporate first, the Internet company said Tuesday that it was creating a program for its rank-and-file workers to sell unexercised vested stock options to financial institutions through an online auction.

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Other companies, including Microsoft Corp., have let

employees trade in stock options to boost morale when their stocks were low. But Google says its program is permanent, and it comes at a time when Google's stock is trading at \$481.78, not far from its record high of \$513.

"I think for Google, it's an excellent idea," said compensation consultant Ted Buyniski of Radford Surveys + Consulting.

"It addresses the big issue they've got: How do you get an employee excited about an option at \$500 a share?"

Google executives said the move was meant to make it easier for employees to understand how much options are worth and reduce some inequalities created by granting options based on the wild swings of Google's stock price. The program would apply to about 6.6 million stock options granted since Google's August 2004 initial public offering and to shares granted in the future. Google's top 13 executives are exempt from the program.

Normally with options, employees can exercise them at a preset price, but they have value only when the stock's market price exceeds the exercised price. For example, an option granted with a so-called strike price of \$10 is worth something only when the stock rises above \$10. But with the new system, shares that are "underwater," or have a strike price higher than the stock's current price, could have value.

Google said it expected financial institutions to pay a premium for the stock options, betting that the price would go up. Buyniski said he didn't know whether other companies would follow the lead of Mountain View, Calif.-based Google.

Starting in April, Google employees will be able to log in to the system, created by Morgan Stanley, and see what the marketplace would pay for their stock options on that day.

"We're doing it to make the real fair value of options clearer to people," said Dave Rolefson, Google's equity and executive compensation manager.

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*chris.gaither@latimes.com*

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