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From: terry_blalock@cree.com
Sent: Friday, June 18, 2004 11:22 AM
To: Director - FASB
Subject: File Reference No. 1102-100, Comment on FASB Stoc

Letter of Comment No: 5121
File Reference: 1102-100



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Dear Mr. Robert Herz:

I am writing in reference to FASB's invitation to comment on its exposure draft, "Share-Based Payment," an amendment of Statements No. 123 and 95. I believe that the method incorporated today for companies to report stock options is appropriate. Requiring companies to report them as an expense will only result in less option grants by the company. Many high tech start-up companies (mine included) employ stock options as a way to retain high caliber personnel without the burden of high salaries that most small companies cannot afford. In my case EVERY EMPLOYEE in the company receives options. This compensation system is not reserved for the executives. If FASB requires companies to expense the options, then the number of employees receiving them will certainly fall, and most likely, the only recipients of options will be the executive staff. This highly probable result appears to me to be totally contrary to the objective of the FASB.

Sincerely,

terry blalock
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