Joe Vernuccio

From: Sent: Letter of Comment No: //

To:

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Subject:

Date Received:

The new approach appears to offer companies a great alternative to calcuating the initial pool. However, I believe that some clarification is neede regarding the application of the short form methodology.

Paragraph 5 states that "the product of the cumulative gross compensation cost either (1) recognized in the entity's financial statements pursuant to Statement 123 or (2) disclosed i the entity's financial statements pursuant to the provisions of Satemeth 123, and the entity's blended statutory tax rate, inclusive of federal, state, local and foreign taxes.

When reviewing the example, it appears that the example adds up the "comp expense" disclosed in the pro forma disclosure and tax effects this amount. There is no metion as to whether or not this "comp expense" is only associated with NQ's or combines ISO's and NQ's. Does this matter. Also, generally the amount disclosed in the pro forma footnote, should already be tax affected so does this calculation allow you to tax effect a tax affected number?

Thank you for your consideration in these matters when issuing the final FSP.

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