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Letter of Comment No: 2385

File Reference: 1102-100

From: paula.wallace@varian.com
Sent: Wednesday, May 12, 2004 4:46 PM
To: Director - FASB
Subject: File Reference No. 1102-100, Comment on FASB Stock Option Proposal



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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. As a participant in my company's Stock Option program and Employee Stock Purchase Program, I urge you to reconsider the requirements included in this exposure draft. These programs have been beneficial to me as an individual, and I believe they have been instrumental in keeping highly qualified employees at my company.

Since the deemed valuation of stock option expense is already disclosed in the financial statements, I don't believe that reducing earnings will provide any further information for investors.

The valuation method that would be required to determine the expense is extraordinarily complicated, and still does not result in an appropriate valuation. The consequences of the disconnect between the expensed amount and the actual spread when the options are exercised could be severely detrimental to the companies who have widespread stock programs.

I know that my company is already thinking about discontinuing the Stock Option program as it is now incorporated, and is seriously re-evaluating the ESPP program. The value of these programs (or the detriment of losing them) cannot fully be expressed by a formula. The idea of being a shareholder in one's employer has an intangible effect on employees that can be a great motivator, Particularly in the high tech industry.

Please reconsider taking this final step, that would result in losses to employers and employees alike, not just upper management. Thank you for your consideration.

Sincerely,

Paula Wallace
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Sunnyvale, CA 94087