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Sent: Thursday, May 27, 2004 3:39 PM

To: Director - FASB

Subject: File Reference No. 1102-100

I would like to express my opposition to FASB's proposal for requiring that stock options be treated as expenses. Companies across all industry sectors have successfully used options to attract talent and more closely align interests of employees with those of the companies. I am opposed for the following reasons.

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- 1) Mandatory expensing will discourage use of options, thus discouraging entrepreneurship and business development.
- 2) More than an accounting issue, it is an economic issue that would have far-reaching negative consequences on many U.S. industries, hurting rank and file workers, competitiveness and innovation.
- 3) FASB's plan will not improve corporate governance and will not help investors gain a complete understanding of a company's finances.
- 4) No valuation model for options (e.g. the Black-Scholes or lattice models) is considered to be reliable, consistent or comparable.
- 5) Stock options are very different from market-traded options. It is impossible to create an accurate value, and expensing based on available methodologies would in fact undermine the credibility of financial statements.
- 6) If companies are allowed to adopt FASB's different valuation models, inconsistent valuations and investor misinformation will be the result.
- 7) There are huge costs associated with implementing expensing a poor investment given the flaws inherent in the FASB plan which will negatively impact the accuracy and comparability of financial statements.

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