

Karen Salmansohn

From: Director - FASB
Sent: Saturday, February
To: Karen Salmansohn
Subject: FW: Mandantory E

Letter of Comment No: 231
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-----Original Message-----

From: Kline, Garry [mailto:GKline@radynecomstream.com]
Sent: Friday, January 31, 2003 4:51 PM
To: Director - FASB
Subject: Mandantory Expense of Stock Options

Dear Sirs,

I would like to put my two cents worth in against the mandatory expensing of stock options.

It is absurd to value an incentive stock option in the same manner as a "PUT" option or other freely traded options such as warrants. The requirement to disclose option "valuations" on a "Pro Forma" basis was already burdensome and provides no meaningful purpose. Since an incentive stock option, by definition, can not be traded until exercised, it should not have to be valued in the same manner as these other types of options which clearly do have intrinsic value.

Furthermore, public companies already account for ISO's in the most meaningful manner, in the disclosure of Earnings Per Diluted Share Outstanding (EPS). By requiring companies to ADD another metric expense that is not related to the company's bottom line performance, there is a 'hit' to the income statement (a reduction in "Earnings") and there is duplicate effect on the EPS. This is unfair to the shareholders of the company.

If the FASB is insistant on taking some knee jerk reaction to the events of hte last couple of years (namely, the excesses of some high profile CEOs and CFOs), let me suggest that some study be given to the expense of just those ISO's that are of a "Non-Qualifying" nature that CEOs and CFOs generally receive because of the higher quantity of such awards. This would accomplish the 'punitive' effect that is apparently the motive behind this effort while still allowing

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