Letter of Comment No: /0
File Reference: 1101-001
Date Received: /0/48/07-

Subject: FW: Accounting for Stock-Based Compensation-Amendment of FASB #

----Original Message----

From: Michele Riccio [mailto:mbriccio@optonline.net]

Sent: Saturday, October 26, 2002 3:03 PM

To: director@fasb.org

Subject: Accounting for Stock-Based Compensation-Amendment of FASB # 123

Dear Director.

I am typing you this email to express my support of the proposal for the accounting for stock-based compensation an amendment to FASB Statement No. 123. I support the proposal to express the effects of stock options in interim reporting periods in the footnotes as opposed to just year end reporting periods, which violates the timeliness of accounting information. Although I feel that this is a step in the right direction we must go further require that all companies report the effects of stock options as an expense on their income statement. As you already know Canada has moved to requiring the expensing of stock options on their income statements and you are working with the IASB to expense stock options on the income statements as well. I urge you to work with the IASB and Canada to require that all companies in the world expense stock options on their income statements. Two reasons I strongly support requiring the expensing of stock options is because it fits the description of an expense and it does have material effects on the income statement. By putting it only in the footnotes many people tend to overlook its importance as they only look for the net income figure at the bottom of the income statement, which in turn effects the earnings per share figure. Investors are mistakenly interpretting the earnings per share figure to be higher than it should be and in turn are investing in securities that could be overvalued. We all have seen the effects of overvalued stock prices in the recent stock market. How many people must lose their money in the stock markets from misleading reported information before action is taken to require the expensing of stock options. Two more reasons I strongly support requiring the expensing of stock options is to move away from making it an option to expense stock options and to require the expensing of stock options in order to have a system of consistency and comparability. Two essential elements of financial reporting is to have consistency and comparability and without it, which is what we have now we can not properly compare one companies financial statements to another. We must require that all companies expense stock options and we must require that all companies follow uniform rules for fair value measurement of stock-based employee compensation at the date of grant with expense recognition over the vesting period. All of the companies in the world must work out differences between recognition and measurement provisions in order to secure consistency and comparability.

Thank you for your time and keep up the diligent and good intended work, which is always appreciated by me.