Karen Salmansohn

From: Dir
Sent: Fri
To: Kar
Subject: FW

Letter of Comment No: 73
File Reference: 1102-001
Date Received: 1-31-03

-----Original Message-----
From: BradyWillett [mailto:BWillett@fallstreet.com]
Sent: Friday, January 31, 2003 5:26 AM
To: Director - FASB
Subject: File Reference No. 1102-001.

The vast majority of shareholders, many of which do not take the time to attend shareholder meetings much less comment on difficult to understand FASB proposals, first and foremost want a return on their investment. However, as these shareholder□s long for stock returns they also want, and expect, something else: clarity within financial statements.

Without doubt, by not expensing stock options companies have been permitted to blur the line between what is an expense and what is not. And while many technology companies do not think expensing options is a good idea, the fact that many of these companies issue stock options and later buy back shares, thus hiding the dilutive impact of stock options, is repugnant. For certain, and whether it is intended or not, if the issuance of stock options is not shown as an expense and the repurchase of shares is also not booked as expense, the real costs of doing business in America is not being disclosed to shareholders by many companies.

As for those companies who argue that without the use of unexpensed stock options employees would suffer □ that they would no longer be able to issue stock options □ this theory is utterly ridiculous. No one, not the IASB or FASB, is suggesting that stock options are an immediate cash charge, or that if stock options are expensed that this would negatively impact a companies inherent value. Rather, if, and when stock options are expensed companies would be required to subtract these expenses from the income statement. Is net income the only tool investors and companies use to determine corporate worth? Many tech CEOs and Nasdaq Vice Chairman Berkeley, given some of their moronic letters being sent to FASB on the issue, seem to believe so.

If companies stop issuing options because they have to expense them this would undoubtedly mean that they are worried about the impact to net income. Remembering that FASB is the business of adopting accounting standards, and that investors want clarity, what is wrong with companies worry about declining net income??? To be sure, and remembering that first and foremost investors want a return on their investment, if options abusers stop abusing options this will be to the shareholders benefit.

As for the employees, or the voice of the IESOC, they do not speak for shareholders. Shareholders want ROI and clarity. Period. Allowing companies to compensate employees without recording any cost has created problems for shareholders on both of these fronts.

The FASB should stop catering to companies and begin catering to investors. They can begin to do this by expensing stock options.

Brady Willett