

LABOR READY

Dependable Temporary Labor

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Ms. Suzanne Bielstein
Director of Major Projects and Technical Activities
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Re: Accounting for Stock-Based Compensation
Unsolicited Letter

Dear Ms. Bielstein:

While we recognize that there isn't currently an outstanding invitation to comment relative to stock-based compensation, Labor Ready respectfully requests consideration of our comments in the context of your current project. Below we offer our comments on the two main issues that the project hopes to resolve.

1) Whether compensation paid in the form of equity instruments should be recognized in the financial statements.

We feel that mandatory expensing of options would result in less transparency in financial statements rather than more. There is significant risk in investors concluding that the financial statements of a company who expenses options are inherently more transparent. We feel the current belief in Congress is that expensing is the answer and that, generally speaking, the valuation issues are not widely understood by the most vocal expensing proponents. We clearly disagree – the investor will not be removed of the responsibility to study, understand and reconcile the underlying valuation methods utilized by different companies. This is true today and will remain true if mandatory expensing is imposed.

We believe the concept of FAS 123, Accounting for Stock-Based Compensation, as modified by FAS 148, is an acceptable compromise in the area of stock-based compensation accounting. We do feel the valuation issue needs to be resolved so that disclosures are more meaningful and comparable which we believe is at the core of the FASB's efforts.

2) How compensation in the form of equity instruments should be measured in the financial statements.

Considering our feeling that mandatory expensing of stock-based compensation is a significant step back for the FASB and the investors, we offer our opinion on measurement of equity instruments in the context of improving the current disclosures. We believe that stock-based awards should be measured at their fair value but we don't believe an unvested grant has value. We feel a comprehensive study of fair value determination is warranted and we strongly urge careful consideration and a complete due diligence process. We stress that a Band-Aid approach or an over-reaction to recent events is not in the best interests of the investing public. Investing knowledge is hard fought and not quickly modified. Efforts should be undertaken to implement acceptable valuation methods able to address all likely forms of stock-based compensation arrangements, not just methods that would have, in hindsight, changed the reporting of certain transactions by a few large companies.

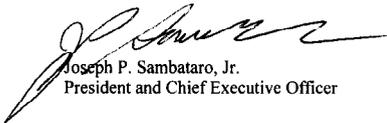
We feel that the Black-Scholes option pricing model is used because it was a tool that could be learned and mechanically applied not one used because it's result are particularly meaningful. It assigns value to an option that may never be value in the hands of the employee due to stock price variability.

If value must be assigned to an option, we believe that a vesting date model most closely reflects the economic substance of the transaction between the employee and the company. This is true because value would be assigned under such a model only when it can reasonably be determined (the stock price is known and rights to vest are secured and on date of vesting). However, such a method reflected in expensing rather than in footnote disclosure alone results, in our opinion, in an unacceptable level of volatility without real meaning in the context of earnings. Companies would naturally want to manage the volatility which would lead to accounting rules driving fundamental employee motivation decisions which we don't feel is the intent or the purpose of the FASB's efforts nor the desire of shareholders.

In summary, we feel that while the current disclosures are largely sufficient, the underlying methods of determining the value undermine the effectiveness of otherwise meaningful disclosures. Additionally, we strongly support improvement in plain language in all disclosures and the area of stock-based compensation is a perfect example of a specific area where confusion can be minimized. Labor Ready believes that the paramount issue surrounding stock-based compensation is the potential dilutive impact of those awards and we feel that impact is sufficiently addressed under current guidance.

Thank you for your consideration of our comments on this subject.

Sincerely,



Joseph P. Sambataro, Jr.
President and Chief Executive Officer



Robert Sullivan
Chairman of the Board