

From: LStephensUNC72@aol.com
Sent: Monday, June 21, 2004 9:15 AM
To: Director - FASB
Subject: File Reference No. 1102-100, Comment on FASB Stoc



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Dear Mr. Robert Herz:

I am writing in reference to FASB's invitation to comment on its exposure draft, "Share-Based Payment," an amendment of Statements No. 123 and 95. Dear Sir/Madam: Please understand that the proposed action to make Stock Options an expensed item will contribute to a loss in the incentives of many employees who continue to work to improve productivity and overall cost reductions for our companies. The Legislators should consider the overall Total Cost of Ownership concept and not allow a short-term alternative to destroy a successful long-term incentive for so many employees.

The Stock Option benefit is where a company can offer the incentives to every person in their organization. I have personally seen where hourly people on production floors or warehousing operations have taken pride in continuous improvement programs and stated that "we do this to continue to help the stock price". Why -- because they have options that they want to see increase in value for their retirement, kid's college expenses, new home, etc.

Stock Options, if companies extend them to all of their employees, are not something of the "rich". They are valuable incentives, especially in the high tech companies, that bring in the talent to continue the world-class achievements that US companies have traditionally lead the world in developing. To force companies to have Stock Options as an Expense will change the picture of this valuable incentive program. Companies will reduce or probably eliminate current option policies. This will only serve as another example of poor short-term actions without regard to the long-term benefits for so many people.

Please do not pass the legislation to have Stock Options treated as an Expensed item.

Sincerely,
Larry Stephens

Sincerely,

Larry Stephens
Cree, Inc
3601 Pauley Court
Raleigh, NC 27610