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Letter of Comment No: 246

File Reference: 1102-100

From: zach.king@radisys.com
Sent: Friday, May 14, 2004 2:07 PM
To: Director - FASB
Subject: File Reference No. 1102-100, Comment on FASB Stock Option Proposal



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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. I feel that the new stock option proposal for companies to report options as expenses is inaccurate and unfair. Stock options are not an expense to a company. They are an added bonus and incentive to employees, and very crucial to many high-tech companies to recruit and maintain a strong workforce.

Companies use them in many cases to encourage employees to work towards strong company performance. A company (and it's employees) should not be discouraged or penalized for using alternative methods to reward employees who help make the company succeed.

Increased value of stock options and financial benefits for employees in this case are often a result of external investors and influences believing in a company and its results and therefore helping increase the stock price. They are not directly effected or set by the company, and therefore a company should not be held accountable for things it cannot control.

Furthermore, companies already report options as estimates in their financial statements, and making them report the options differently as company expenses would not make financials more accurate or correct. In fact, reporting options as expenses would make financials incorrect and mislead investors to a company's true performance, finances, revenue, expenses and potential.

Sincerely,

Zach King
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