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From: dsac [dsac@rell.com]
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Subject: File Reference No. @ 1102-100 - Stock Option Expensing

Broad based option plans help to align the interest of the employee with that of their Company and shareholders. Legislation that would dissuade employers from utilizing this form of entrepreneurial incentive would be detrimental to our competitive position, limiting growth that in turn provides jobs.

Mandatory stock option expensing, adds another element of judgment into the financial statements. Furthermore, clear valuation methodologies do not exist to assure an accurate measure of cost. Inconsistent application of the various valuation methodologies will impact the investors ability to compare results between companies.

The cost of options is already reflected in the financial statements in the dilution of earnings per share. Additionally, the current disclosure required by SFAS 123, is more than adequate to highlight the estimated fair value of options granted to employees and the impact of those options on earnings per share.

In summary, current disclosure requirements are sufficient and adding another element of judgment into the financial statements will not improve the investors understanding of results, but rather, increase confusion and complexity.

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