

ikon**Letter of Comment No: 4792**
File Reference: 1102-100

From: Stacey Sutay
Sent: Thursday, June 24, 2004 11:37 AM
To: ikon; Karen Salmansohn
Subject: FW: stock options

-----Original Message-----

From: jdmurph1@sbcglobal.net [mailto:jdmurph1@sbcglobal.net]
Sent: Thursday, June 24, 2004 11:26 AM
To: Stacey Sutay
Subject: stock options

From: James D. Murphy
7725 La Cosa Dr
Dallas TX 75248

To: George J. Batavick
FASB And to the Board and Staff

Regarding : Stock Options to be reported as an Expense

Project: Share-Based Payment
Reference Number: 1102-100
Share-Based Payment-an amendment of FASB Statements No. 123 and 95

Share-Based Payment Stock Comp - Unsolicited Letters- Unsolicited
March 2002
Stock-Based Compensation Invitation to Comment
November 2002
Share-Based Payment-an amendment of FASB Statements No. 123 and 95
Exposure Draft March 2004

Dear Sirs,

I believe that your debate is difficult, and it should be difficult, because there appears to be many interpretations as to what a Stock-Option is, and what it is supposed to be.

All the numerous pages regarding the accounting for Stock Options are only relevant if you truly believe a stock-option is an Expense --- I simply do not believe that.

I do not believe a stock-option is an expense for a start-up company or a legacy company, and in their purest form should be considered as Income to the firm in the earliest stage of execution , but as a business man would really not want that interpretation since it would have unfavorable tax complications.

I am 72, and way back when I received my first award the sense of things were that I would no longer receive annual increases, but rather was invited to share with the investors in the company, the risks and the potential rewards that are associated with uncertainty. So my historic added compensation was deferred in the short term for an uncertain return in the future. My anticipation and concept was that this was likely good for me and good for the company over the longer term.

And for me, that is how it worked out, but for many that follow me, not so.

Uncertainty, that is the key to the Award of Stock-Options for the Receiver and the FIRM

6/24/2004

But what does seem certain to me, is that the FIRM is not incurring an Expense at the time of the award, but just the opposite, the FIRM is incurring some form of INCOME .

And whether it be termed Expense or Income, it defies a consensus formulation or sensible and translucent Tax treatment.

Thank you for allowing me to express my view.

James D. Murphy

P.S. This is addressed to Mr. Batavick because he is from Philadelphia and studied accounting at St Joseph's College-----a background for an open-mind.