Letter of Comment No: 4986 File Reference: 1102-100

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Director of Major Projects—File Reference No. 1102-100

Robert H. Herz, Chairman Order Department, Financial Accounting Standards Board 401 Merritt 7, P.O. Box 5116 Norwalk, CT 06856-5116

Dear Chairman,

I do not often feel the need to write my public officials but the FASB's proposal to mandate the expensing of stock options has me so upset that I wanted to voice my opinions.

As you are no doubt aware, the majority of American workers have become accustomed to the fact that great performance cannot guarantee a salary increase. This has proven to be counter productive to morale and employee performance. That is why many companies now invest in different ways to motivate employees, with the most effective being stock option plans. Through stock options, we all become invested in the success of the company, and an employer is able to reward employee performance accordingly. It is a win/win situation! However, this benefit could be stripped away from all of us if the FASB's new accounting standard becomes law.

Without adding anything in the way of new corporate governance protection, the FASB accounting standard on stock options would inflate the cost of employee compensation plans for every company that uses stock options. I don't believe there is any good reason to declare stock options as an expense as soon as they are issued. The end result could very well be to eliminate stock options as a broad-based employee benefit.

I understand this is just one of the many important issues you deal with on a daily basis and I thank you for taking the time to read this. I do feel, however, that there are few policies as important as the mandatory expensing of stock options. It severely affects the business prospects and livelihood of small business owners and their employees across the country. This proposal needs to be shelved in order to allow small business an opportunity to continue to thrive.

Sincerely,

Daniel Sullivan

cc: Senator Christopher Dodd Senator Joseph Lieberman