

Letter of Comment No: 4942
File Reference: 1102-100

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

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

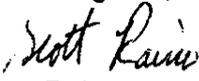
Dear Chairman Herz

From a personal standpoint, the mere fact that the company I work for offers stock options lets me know I am valued and trusted. Stock options motivate employees because they feel they can be a true benefit to their company's success. Because of stock options, I am extremely motivated to do all I can to help my company and workers so that the company can continue to grow and the stock benefit increase. With stock options, employees become a part of a committed team. That is why I would like to see the FASB's proposal to mandate the expensing of stock options shelved.

The proposed FASB standard is based on the ability of the financial community to accurately predict future costs. This is a totally ludicrous request and one that led major companies in the past to the brink of disaster. It most assuredly will lead present day companies to the same fate if implemented. A company's accounting process should be based on real numbers, not phantom numbers. It is simply not possible to be able to determine the value of a stock option before it is exercised. Stock prices varying everyday, therefore, the FASB cannot expect companies to determine the cost of a stock option without it being exercised by an employee.

I am shocked that the FASB would even consider passing this kind of accounting standard! In the long run, this outrageous policy would harm employees like me who depend upon stock options as a way to supplement our personal finances. Therefore I am asking you to oppose it. Thank you.

Warm Regards,


Scott Raino

cc: Senator Christopher Dodd
Senator Joseph Lieberman