

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,

The basic premise behind a stock option is that an employee receives the stock at a certain value. As the employee helps with the success of the company, the value of that stock will increase and the employee shares in the company's success. The mandatory expensing of stock options, as proposed by the FASB, would require a value be placed on a stock option before it has been exercised, when in fact the value of that option cannot even be determined until it is exercised. This would be yet another roadblock for company finance. Companies cannot remain fiscally sound if they are forced to deal in imaginary numbers and therefore many would stop using stock options as benefits for their employees. That would definitely not be beneficial to our over all economy.

In today economic climate, stock options are extremely valuable to small start-up companies. A company's ability to offer stock options allows that company to provide their employees a valuable incentive to help themselves by helping the company to succeed when initial cash flow may be low. Thanks to stock option programs, employees know that the company's success is their success as well. Stock options keep employees pulling hard in the same direction. Stock options have proven to be an invaluable motivational tool and well as a way to supplement employee's pay. Don't allow the FASB to take that tool away.

I am thankful that you have taken the time to read over my concerns. I believe mandatory expensing of stock options is an important issue that could have a severely adverse affect on employees. Your support in this area will not go unnoticed.

Sincerely,



Mark Kachadorian
957 Hollice Lane
Livermore, CA 94550

cc: Senator Barbara Boxer
Senator Dianne Feinstein