Letter of Comment No: 2939
File Reference: 1102-100

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Chairman Robert H. Herz
Director of Major Projects—File Reference No. 1102-100
Order Department, Financial Accounting Standards Board
401 Merritt 7, P.O. Box 5116
Norwalk, CT 06856-5116

Dear Chairman Herz,

You can preach teamwork to your employees all you want, but there is nothing like stock options to make them feel they are really part of a team. Any employee would value the chance to feel like they have ownership in the company they work so hard to promote. With the FASB's recent move to have owners expense the options as they are doled out, there is really no incentive left for an owner to keep giving out a perk such as this.

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. There is absolutely no good reason to declare stock options as an expense as soon as they are issued. By forcing companies to use false accounting logic when they report profits, many owners will stop offering these stock options---thereby possibly keeping them from recruiting many talented people that could work for them!

Mandatory expensing is absolute over regulation. It needs to be halted now before it really does hurt the small businesses that I know the FASB holds near and dear to its heart. Thank you for your time.

Sincerely,

Athena Mathew