

Geren Consulting

**Letter of Comment No: 3171
File Reference: 1102-100**

May 28, 2004

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

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

Dear Chairman Herz,

As a small business owner, I feel it's necessary to contact you regarding stock options. As you can imagine, when the economy is shaky it is an uphill struggle for many companies to attract talented people to come to work for them. Frankly, it would be all but impossible to attract those people without being able to offer stock options. Simply put, stock options are a great incentive in attracting talented people. Offering stock options is a way of showing prospective employees that a company believes in its own future and will offer them a stake in that future.

I'm sure you're aware of this, but I will further clarify that the idea behind a stock option is that an employee receives the stock at a certain value. As the employee works hard for the success of the company, the value of that stock will increase and the employee thus shares in the company's success.

However, mandatory expensing, as proposed by the FASB, would require a value to 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. Not only does this make no sense at all, it would be even another roadblock for company finance.

I, among others, are counting on you to not let small business owners down. By opposing any mandatory expensing of stock options, you will be keeping our best interests in mind and that will allow us focus on doing what we do best&running our businesses. Thank you for your careful consideration!

Sincerely,



David Geren

David Geren

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