Expernet Systems Inc

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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 Robert H. Herz:

I feel that the mandatory expensing of stock options is an important issue that could have a very adverse impact on all small businesses. Mandatory expensing will even have a negative impact on future business start-ups. It is imperative to my success that my company be able to compensate employees without government involvement. Many companies like mine consider stock options an important tool that helps encourage growth.

There is absolutely no way to assess the value of a stock option until that option is exercised by the employee. The financial community should not be placed in the position of predicting the future. Now, the FASB is asking them to start crystal gazing with its proposal for mandatory expensing. How can the FASB expect a company to put a predetermined value on these stock options when the price of a stock can literally vary from hour to hour each day?

Thank you for hearing my voice. I hope you seriously consider the business owners ability to determine how their stocks are to be allocated during your deliberations. Keep in mind that stock options allow companies to thrive in a marketplace where competition is not just local but comes from all over the world. If the government forces companies to expense employee stock options, it would be like handing a gift to our foreign competitors. I thank you once again for your time and consideration.

Richard Weinstein