

Mort's Napa Auto Care Center

509 W Gambier St
Mount Vernon, OH 43050-2319

May 24, 2004

Letter of Comment No: 3124
File Reference: 1102-100

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 Robert H. Herz:

We own a small business and are always looking for ways to reward our most valuable employees. We like having employee stock options as a means to do so. A company's stock option program means they can offer their employees a meaningful slice of the pie when it comes to corporate growth and profits. That's not only a fair way to treat employees; it is a powerful incentive for them to do everything possible to grow our business. It bothers me that the FASB could take this means of compensation away from small business owners like ourselves.

I don't understand how placing a value on unexercised stock options will help anyone. It hurts small businesses, causes accounting nightmares and basically tells investors we just made up a value for these stocks not based on anything.

That's why the mandatory expensing of stock options is a serious mistake. Small business owners cherish the flexibility to compensate their employees as they see fit. This is a freedom that has allowed for the continued success of the small business in the United States. The mandatory expensing of stock options needs to be shelved if small businesses are going to continue to be the main employer and engine of the economy.

I'm sure you'll agree once you look at this issue from a small business perspective. Thank you.

Sincerely,

Maggie Mortimer

