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To: Director - FASB

Subject: File Reference No. 1102-100 - Expensing Options



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Hi Chairman Robert H. Herz:

As I understand, FASB members believe that when something of value is paid to someone it should be counted as an expense, even if it isn't cash. I am having a hard time understanding what kind of value options have up until they are exercised. Is that value, how the employee feels about the company he/she works for? Is it how much harder employees work to make the company successful? Is it the excitement they create for the employees and their families as to what may happen may happen in the future if we continue to work hard?

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The true value is cash and options are not cash until they are exercised. Any reputable company accounts for options as they are exercised with the dilution of earnings per share. I don't see how treating options as an expense versus dilution of EPS will benefit anyone. The only thing I see happening is my companies expenses going up, dilution of EPS going up, and my potential to make money go way down because only the VPs and above will get options.

I believe the actual problem is ensuring investors have accurate financial information on the prospective companies. More stringent accounting methods may provide more information, maybe even more accurate information, but it will not protect the investor from loosing money. Research and education is the only way to help the investor from loosing money.

I am sure you have heard a lot from investors and employees who have lost money. I sure hope you hear a lot from people like me who have benefited from my company's' stock option plan. My wife and four boys really appreciate the extras our exercised options have given us.

Thank you for your time and consideration.

Regards, John Hendershot

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