

Letter of Comment No: 93
File Reference: 1102-001
Date Received: 1-31-03

MP&T Director-File Reference 1102-001
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Gentlemen:

Our company presently does not have a stock option plan in place although one will be presented for shareholder approval at this year's annual meeting.

I believe that the present disclosure of the effect of stock options adequately discloses to present investors and potential investors the impact of options outstanding. I also believe that diluted earnings per share adequately illustrate their effect. There is no cost to present shareholders other than what is fully shown in diluted earnings per share.

The various pricing models used, such as Black-Scholes, due to their complexity, only serve to confuse and/or mislead both present and potential investors. How many investors understand the variables and assumptions used in the various pricing models? To be honest, how many accountants can explain and understand the models? Yet these are held up as models of clarity to investors.

In reality, options only have value to employees when share prices rise, therefore benefiting all shareholders. They certainly do not represent an expense to shareholders. There has been no clear-cut guidance on the proposed expensing of options other than if the share price increases, then that increase should be expensed. But the obvious question is if the share price declines, does the company now have the opportunity to show that as income? I have not seen that question addressed.

But I believe that the bigger question is how does an increase in the share price translate to an expense?

There certainly have been corporate abuses that have occurred and have recently come to light. However, the accounting treatment of stock options has not been one of them. Why is a fix being proposed for something that is not broken? In fact, this form of compensation, along with many other factors, has helped our nation achieve economic progress, innovation, and performance that the rest of the world envies. Why do we want to stifle such progress?

I am totally opposed to the proposal to treat stock options like any other company expense.

Respectfully,

Donald A. Benziger
Senior Vice President and Chief Financial Officer