## Karen Salmansohn

From: Director - FASB

Sent: Friday, January 31, 2003 11:45 AM

To: Karen Salmansohn Letter of Comment No:

Subject: FW: Stock Opeion Accounting File Reference: 1102-001

Date Received: 1-3/-03

----Original Message----

From: Jack A. Henry [mailto:jahenryphx@cox.net]

Sent: Friday, January 31, 2003 10:33 AM

To: Director - FASB

Subject: Stock Opeion Accounting

I spent 34 years with a national firm and have since joined 4 corporate boards. The proposals to wxpense options is fraught with problems. While expensing may satisfy some of the reactionaries it will create new issues and will have serious negative consequences. One of my companies is struggling financially due to a debt burden created by prior managemnts and boards with failed acquisitions. Expensing options in their case would have created charges against earnings and reductions of net worth yet all options are currently underwater. As I understand it there will be no allowance to reclaim prior charges once options are expensed. Also we will be adding yet another mythical element in financial statements by virtue of the estimating process used to value options. I recognize financial statements are based on countless estimates but in most cases those estimates have some sound basis and changes to estimates are allowed in subsequent issuances of financial statements.

Jack A. Henry