

Letter of Comment No: 53
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NP&T Director-File Reference 1102-001
Financial Accounting Standards Board
401 Merritt 7
P. O. Box 5116
Norwalk, CN 06856-5116

RE: Accounting for Stock-Based Compensation
Via e-mail – director@fasb.org

Dear Sirs:

We are writing this letter to discuss our perspective and concern over the proposed rules for changes in expensing stock based compensation. Although we recognize that this subject is complex, we believe there are some very simple principles that should be considered on this issue.

The basic premise of stock options is clearly to align interests for corporate decision makers within the company with interests of common shareholders. Admittedly, those aren't always the same, however, stock and incentive options provide a proven opportunity for positive corporate outcomes.

Our company fully endorses the concept of disclosing the impact of options to shareholders. This is done by reflecting dilution in our earnings ratios and we believe is accurate, clear and fair as to the impact of stock-based compensation.

Requiring the recording of an expense in the income statement as further disclosure is flawed for some very simple reasons. The first of which is that establishing the value of an option at any given time depends on so many variables. These values change over time and making required assumptions is simply trying to guess a future value. There is no denying value is there, but determining exact value is impossible. Because of this difficulty, we believe that errors in those assumptions could call for even less accurate and complete accounting of corporate performance than the current rules allow.

We urge you to make no further changes to FASB Statement 123 at this time. Anything that would diminish the opportunity to motivate and align key corporate employees interests with those of the shareholders would take away a significant incentive to improve corporate performance.

Thank you for the opportunity to express the concerns of *MutualFirst* Financial, Inc.

Sincerely,

David W. Heeter
Executive Vice President