

Jazzlyn Flores

Letter of Comment No: 4827  
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June 25, 2004

Chairman Robert H. Herz  
**Director of Major Projects—File Reference No. 1102-100**  
Order Department, Financial Accounting Standards Board  
401 Merritt 7, P.O. Box 5116  
Norwalk, CT 06856-5116

Dear Chairman Robert Herz,

In order for businesses to succeed, they need to have a product that is in demand and they need to be able to creatively motivate and compensate their employees. Recent history has proven that offering stock options is one method that works for many companies to reduce turnover and keep valued employees. That is why I do not believe that it should be left up to the government to decide how companies reward their employees. Since no one company is exactly like the next, it is imperative that employers have as many options as possible in creating a compensation plan that works.

The proposed FASB standard requires businesses to list stock options as an expense when they are issued. Consequently, job incentives will be reduced as the reward of stock options is given mainly to top executives instead of regular employees like me. These options are a key part of the overall compensation package that I receive from my employer and that is why I urge the FASB to leave the current system alone.

The FASB's mandatory expensing of stock options will be more expensive to companies, create additional bookkeeping nightmares and ultimately harm the employees. This practice will force companies to report expenses before the money is even spent, and will not be spent until the employee exercises that stock option. Additional costs in the accounting system will more than likely become cost prohibitive and employers will stop offering their employees stock options.

If the FASB tries to make mandatory expensing a requirement, I am certain that the end results would be detrimental not only to businesses across the nation but to our overall economy which is just now starting to see a recovery. That is why I am asking you to stand against this proposal in order to keep our free enterprise system functioning at its best.

Respectfully,

Jazzlyn Flores

cc: Senator Barbara Mikulski  
Senator Paul Sarbanes