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Letter of Comment No: 3167 File Reference: 1102-100

May 28, 2004

Robert H. Herz, Chairman

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 Herz:

I am adamantly opposed to mandatory expensing of stock options.

It simply doesn't make sense to expense a stock option before it is exercised by an employee. Until that time, there is no way to determine the accurate value of the option. Mandatory expensing is like requiring you to pay a credit card bill before anything is charged on it. One does not have to be an accountant to figure that out!

Nor is it the government's place to decide how a company chooses to give back to their employees. By imposing their will on business, the FASB will impede the ability of employers to decide the appropriate incentives to give their employees. Unfortunately, if the FASB approves this proposal, thousands of small businesses nationwide will stop providing stock options to their employees because it will artificially depress their profits.

I hope that you can see this issue from the same perspective as a small business owner. I understand this is just one of the many important issues you deal with on a daily basis and I thank you for taking the time to read this. But there are few policies as important as the mandatory expensing of stock options. This plan will severely affect the business prospects and livelihood of small business owners and their employees across the country.

The FASB's request for approval of this proposal must be denied in order to allow small businesses the opportunity to continue to thrive.

Sincerely Yours,

Kathleen Clem