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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 Herz,

Companies can currently choose how they want to compensate employees without government involvement. One of the options available to them is stock options. This allows businesses to build a strong and loyal workforce that further contributes to the growth of the company. It is inconceivable to me that the government would make this growth-creating asset more difficult for domestic businesses to use by adding an additional layer of regulation. It is totally unnecessary!

Mandatory expensing would force companies to list employee stock options as an expense the moment they are issued, when everybody knows they don't cost the company anything until they are actually exercised.

Adherence to the proposed FASB standard would artificially depress profits by artificially adding to a company's reported expenses. It would also make it financially impossible for many firms to retain options as part of their compensation package.

I hope that you can see this issue from the same perspective as a small business owner. I feel strongly that there are few policies as important as the mandatory expensing of stock options. It negatively affects the business prospects and livelihood of small business owners and their employees across the country.

Sincerely,


Albert Mummert