Karen Salmansohn

From: Sent: To: Subject: Director - FASB Monday, January 20, 2003 1:37 I Karen Salmansohn FW: Expensing of stock options Letter of Comment No: 24
File Reference: 1102-001
Date Received: 12 12 12



----Original Message----

From: Elisabeth Robert [mailto:lizr@vtbear.com]

Sent: Monday, January 20, 2003 12:58 PM To: Director - FASB

Subject: Expensing of stock options

I am the CEO of The Vermont Teddy Bear Company (NASDAQ: BEAR) In recent years as our Company struggled through its early growth stage and subsequently through some very difficult financial times we relied heavily on stock options to retain and attract key management personnel who have been successful in delivering to VTB stockholders today a profitable growing company that has appreciated dramatically in value. We could have not been successful without an Employee Stock Option Plan.

I as CEO have begun to exercise my options and hold the underlying stock (paying monstrous sums in AMT tax). We are an example of a Company that has utilized this tool in a responsibile way and transitioned options into real ownership that aligns the interests of management with shareholders. Like so many other issues related to accounting disclosures, securities fraud and governance this is an issue that regulators may overreact to. It seems wrong and short sighted to penalize all companies for the wrong doing of a few.

If options are expensed I can tell you that a small company like VTB will no longer grant them under pressure to generate operating profits.

In today's world where company ownership is so out of reach of so many working people because the sums are so enormous, stock options remain the only method to increase ownership participation by average working Americans in the companies they work for. Without them employee ownership will disappear, as will so much of an employee's motivation to make a company successful.

Sincerely,

Elisabeth B. Robert Chief Bear Officer The Vermont Teddy Bear Company