6/21/04

Letter of Comment No: 4847
File Reference: 1102-100

Robert H. Herz, Chairman
Order Department, Financial Accounting Standards Board
401 Merritt 7, P.O. Box 5116
Norwalk, CT 06856-5116

Director of Major Projects—File Reference No. 1102-100

Dear Chairman Herz,

Because of stock options, when my company experiences growth and success, I directly reap the benefits financially and in job security. This additional method of compensation translates to increased productivity and commitment which helps the business and the employee. Not only that, offering stock options to employees makes us feel valued and trusted. It is a powerful incentive to me, and a great asset to my employer. Therefore I cannot understand why the FASB would even consider mandating the expensing of stock options!

In today's business world, stock options are a legitimate business expense for my employer. However it is unreasonable to expect companies to know the size of that expense until the option is exercised by employees. Forcing companies to report expenses of a stock option prior to their being exercised is entirely backwards. Predictions do not have a place in accounting. Rather, accounting principles should be based on real facts, not guesses.

Please examine the fact and understand that by passing the FASB standard of mandatory expensing, employees like me will suffer some serious economic repercussions. Employees and business across the country are depending upon you to protect our rights and needs by saying no to this proposed accounting standard. Thank you.

Sincerely,

Bart Baxton
2080 Largo St.
Discovery Bay, CA 94514

cc: Senator Barbara Boxer
Senator Dianne Feinstein