Michael Bell 16920 S Main St Gardena, CA 90248-3124 Letter of Comment No: 2605 File Reference: 1102-100

May 6, 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 not being lulled into a feeling of false confidence just because of the jobless economic recovery and I hope you will not be fooled either! No matter what the current situation may be, the market for well qualified, exceptionally skilled employees has always been a seller's market. That is why the ability of a small business to provide employee stock option plans is an irreplaceable resource when it comes to obtaining their share of these sought-after recruits. It offers an incentive to hang on to these valuable employees. That is why the FASB's plan to mandate expensing of stock options would have such tragic consequences across the board. They would be placing companies at a terrible recruiting disadvantage if they couldn't afford to offer stock options.

A fundamental principle in accounting is the fact that a company does not know how much a stock option actually costs until that option has been excised. Mandatory expensing of stock options would force U.S. companies into a useless guessing game. In its zeal for corporate reform, the FASB seems to be ignoring logic and basically forcing companies to fudge their reporting of finances due to a lack of factual numbers.

Given these facts, I am sure you can see the negative effects the mandatory expensing of stock options would have on small businesses all over America. Not only would the expensing of stock options deter economic growth, it would also bring to a stand still the emergence of exciting new technologies and businesses. Even more disconcerting is the fact that the FASB would be infringing on how a business owner and employees agree on compensation. That is why I ask you to help fight these unnecessary and burdensome measures.

Sincerely Yours

Michael Bell