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Letter of Comment No: 861 File Reference: 1102-100

From:

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Sent:

Tuesday, April 20, 2004 3:39 PM

To:

Director - FASB

Subject: File Reference No. 1102-100

Chairman Robert H. Herz

I disagree with the intended policy to expense stock options. I have two main points.

- 1) As an employee who does not get an immediate gain from an option, I strongly disagree with the reasons given for this kind of expensing. There is no immediate gain, only a possible gain. The gain is impossible for me as an employee to reap when it is offered since options have a vesting schedule.
- 2) As an operating expense, the issue of options is a deferred possible gain from the sale of the stock for the company at such time as the options are exercised. Certainly not a loss. The main impact is the dilution of stock which is where the "money" comes from.

Thank you for listening.

Fred Leffingwell

When money speaks, the truth keeps silent.

-Russian proverb

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