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From: Sent: To: Subject: Charles Kemper [ckemper@kmf.net] Thursday, May 20, 2004 6:00 PM Director - FASB; mtwovey@fasb.org

Proposed FASB Changes

Michael,

As a fellow American and active entrepreneur/investor, I would like to thank you for your commitment to service in developing legislation to govern our financial markets. This is a big commitment on your behalf and as both a professional & individual investor I appreciate it very much.

Letter of Comment No: 2659 File Reference: 1102-100

The main purpose of this email is to address the proposed FASB rules that would require companies to expense stock options. I believe that supporting the rights of shareholders and addressing the effects of compensation on a company's earnings is a significant task that is absolutely essential.

I do, however, also believe that simplicity is golden. The additional reporting requirements necessary under this new proposal will only create confusion for both the reporting company and the eventual investor. This is fact.

I do also believe that using an approximate (at best) Black-Scholes or binomial valuation methodology in any sort of public report will also create confusion (for both the reporting company and the eventual investor). How can you possibly accurately price something that is neither fully vested or freely tradable? Revenues and sales are fact, operating expenses are fact, unvested and volatile stock options are black magic. This is not simplicity for the average (or even sophisticated) investor.

Ultimately, we do not need more financial reporting artistry on the street, we need reports that reflect the actual operating performance of a company. And, I am absolutely certain that this proposal will not help me better understand how a company is really doing.

Regards, Charles Kemper Washington, DC