

Letter of Comment No: 2475

File Reference: 1102-100

## *Home Director Inc*

Michael Liddle  
2525 Collier Canyon Rd  
Livermore, CA 94551-7545

May 6, 2004

Chairman Robert H. Herz  
**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 Robert H. Herz:

Even when the economy is shaky, it is an uphill struggle for many companies to attract talented people to come to work for them. Frankly, it would be all but impossible to attract those people without being able to offer stock options. It is a way of showing prospective employees that a company believes in its own future and will offer them a stake in that future.

The idea behind a stock option is that an employee receives the stock at a certain value. As the employee helps with the success of the company, the value of that stock will increase and the employee shares in the company's success. Mandatory expensing, as proposed by the FASB, would require that a value be placed on a stock option before it has been exercised, when in fact the value of that option cannot be determined until it is exercised. This would be yet another roadblock for company finance.

I hope that you can see this issue from the same perspective as a small business owner and realize that there are few policies as important as the mandatory expensing of stock options. It severely affects the business prospects and livelihood of small business owners and their employees across the country. This proposal needs to be shelved in order to allow small business an opportunity to continue to thrive.

I understand this is just one of the many important issues you deal with on a daily basis and I thank you for taking the time to read this.

Regards,



Michael Liddle