Melissa Deloach

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May 28, 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 Herz,

The government should not be involved in how I choose to compensate my employees. Employee stock options are an important source of compensation for American businesses. Corporate governance standards can be enforced without making it impossible for businesses to issue stock options. Government intervention will put too much control on how employers compensate their employees.

The FASB is on a mission to ensure that the recent corporate financial scandals do not occur again. In theory, this is a good thing. However, the FASB is using the public disgust in these scandals to push through mandatory expensing which will actually hurt the ability of the average employee to prepare for their future and support their families. Many employees are counting on stock options to provide financial security, and mandatory expensing will take away that security.

The mandatory expensing of stock options is a serious mistake. Small business owners cherish the flexibility to compensate their employees as they see fit. This is a freedom that has allowed for the continued success of the small business in the United States. Please stand against mandatory expensing of stock options. Thank you.

Sincerely,
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Melissa Deloach