## Eberhardt Enterprises Inc

May 24, 2004

Robert H. Herz, Chairman Order Department, Financial Accounting Standards Board 401 Merritt 7, P.O. Box 5116 Norwalk, CT 06856-5116

Letter of Comment No: 3118 File Reference: 1102-100

## Director of Major Projects—File Reference No. 1102-100

Dear Chairman Herz,

If companies want to recruit good employees, they need to offer them stock options. I have had stock options and they are a great incentive to do the best job you can.

With stock options, employees receive 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 will reap the benefits of that success. Mandatory expensing, as proposed by the FASB, would require a value be placed on a stock option before it has been exercised. This is ridiculous because the value of that option cannot be determined until it is exercised.

The mandatory expensing of stock options is a serious mistake. Small business owners need to be able 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. The mandatory expensing of stock options needs to be tabled if small businesses are going to continue to be the main employer and engine of the economy.

Sincerely,

Robert Eberhardt