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May 15, 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: 3101 File Reference: 1102-100

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

Dear Chairman Herz,

I am in the business of software development which is one of the main reasons I am so opposed to the FASB's expensing of stock options. In order to flourish, software development demands the ability to offer stock options over and above that of salary.

Through stock options, a company can maintain both a motivated staff and an economically sound policy. Due to present day business realities, employers can hardly afford to reward their best people with a fitting salary raise. It is important then that a company can offer those workers a stake in the future of the company.

Stock options are used by employers to reward and motivate employees based on the fact that if the company does well and the stock rises, the employees will see the benefits. Requiring a company to expense these options before they are exercised is just bad accounting.

I hope that you can see this issue from the same perspective as a small business owner life myself. The mandatory expensing of stock options severely affects the business prospects and livelihood of small business owners and their employees across the country. This proposal needs to be canceled in order to allow small businesses an opportunity to continue to thrive.

Sincerely,