

May 26, 2004

Email: [director@fasb.org](mailto:director@fasb.org)

Re: Expensing of Stock Options (File Ref. 1102-100)

This letter is written to express my position against the expensing of stock options.

- Stock options are not the same as market traded options. There is no proven, valid model predicting the cost of stock options.
- There is no proof that broad-based stock options are responsible for market scandals. Expensing options of broad-based stock option programs will do nothing to eliminate future scandals.
- Entrepreneurship is the best chance the U.S. has to keep jobs from moving overseas. Expensing stock options will reduce entrepreneurship by eliminating option incentives. Millions of additional jobs will move to the Far East as a result of our inability to compete.
- The first options to be eliminated will be those of lower and middle management. This will do most damage to middle America, causing greater income inequality.
- Small companies create most jobs. Expensing options will hit small companies the hardest.
- Expensing stock options goes far beyond the accounting issues. It's an economic issue that will do great damage to American industry.
- The FASB plan will produce grossly inaccurate financial reporting at sharp inflection points in our economy causing investors to sell or buy shares based on wrong information. The cost to investors will be staggering. Given our infamous tort system, who will be liable?

I am vehemently against any accounting policy that requires expensing of stock options by broad-based stock option programs. Basically what will happen is that the hard work I put in as a salaried worker making no overtime pay will become unrecognized at all. Currently I receive small stock options as do many people I work with. Those options give me and many others at the company I work for the chance to have some ownership and also to get similar rewards to the company stock holders for all the hard work we put in.

I beg of you to drop this rule and let the market play it out on its own. Thank you.

Sincerely,

Cory Raak