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

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

Dear Chairman Herz,

Small businesses need to have maximum flexibility to attract talented employees. As much as a company would like to, competitive realities prevent them from rewarding top performers with big salary increases. That is why stock options provide an attractive alternative way to reward top performers that in some ways is even better than a salary increase. A stock option is a form of reward that the employee can access when he or she needs it most, and when it is at its most valuable. That is why I am opposed to any type of government intervention that would threaten this valuable benefit to my employees.

If you carefully examine the facts, the FASB accounting standard on stock options would inflate the cost of employee compensation plans for every company that uses stock options. Can you possibly show me one single good reason to declare stock options as an expense as soon as they are issued? The end result could very well be to eliminate stock options as a broad-based employee benefit. That would be a terrible loss to American economic growth, don't you agree?

Won't you please take a moment to review this issue from the perspective of a small business owner or an employee? Mandatory expensing of stock options would severely affect the business prospects and livelihood of small business owners and their employees across the country. This proposal needs to be prevented from ever becoming law in order to allow small business an opportunity to continue to thrive. With your support, I am sure we can see and end to this type of government interference and a continuation in our economic growth.

Regards,



Luciano Fleischfresser