

BizRate.com^{*}

Letter of Comment No: 4765 File Reference: 1102-100

Chuck Davis
President & Chief Executive Officer

June 16, 2004

By Fax 203-849-9714

FASB 401 Merritt 7 Norwalk, CT 06856-5116

Re: File Reference No. 1102-100; Expensing Stock Options

Dear Sirs:

My name is Chuck Davis, and I am the President and CEO of BizRate.com. BizRate.com is a private, venture capital-backed Internet-based comparison shopping company located in Los Angeles, CA, employing over 100 people.

The impending FASB requirement for expensing stock options greatly concerns a company like ours. Our cash resources, the lifeblood of our company, are limited and it is difficult for us to attract and retain the quality of talent we need to make our business a success without offering significant stock options to employees. The proposal to expense stock options would put an undue financial burden on our company. We are a great example of the small-company "jobs creation" engine that is often praised, planning to increase our workforce by over 25% this year, but our ability to grow depends in large part upon our ability to offer stock options to our employees.

Among other things, the complexity of the math that is required to make an attempt at solving for a present value of an expense that has not yet occurred on an ongoing basis causes a small company like ours to seek expensive outside counsel, since internal resources are not available to perform such a task. Even with outside counsel, the results are estimates at best, since we are a private company and our stock is not publicly traded. In short, this is a very expensive and unnecessary exercise and just detracts from our ability to focus on building our business and devoting our limited time and financial resources to productive business activity.

I have heard the argument that a private company can simply use non-GAAP accounting methods, but that argument simply does not hold water. As a venture capital-backed company, our investors and employees hope for the opportunity to participate in an IPO eventually. Failure to adopt and follow GAAP accounting methods while we are private would significantly impede our filing for a public offering. Therefore, adopting GAAP standards is effectively mandatory for a private company like BizRate that hopes to "go public" someday.

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Given the inescapable and significant negative impact that expensing stock options will have on a private company like ours, I implore FASB to reconsider its decision in making the option-expensing process a requirement.

Thank you for your time and consideration.

Sincerely,

Chuck Davis BizRate.com

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