

May 20, 2004

Ms. Suzanne Q. Bielstein
Director of Major Projects and Technical Activities
Financial Accounting Standards Board
401 Merritt 7, PO Box 5116
Norwalk, CT 06856-5116

Letter of Comment No: 6405
File Reference: 1102-100

By email: director@fasb.org

Re: File Reference No. 1102-100

Exposure Draft: Proposed Statement of Financial Accounting Standards, *Share-Based Payment, an amendment of FASB Statements No. 123 and 95 (the "Proposal")*

Dear Ms. Bielstein:

We thank you for the opportunity to comment on the Proposal. Stamps.com Inc. (Nasdaq: STMP) is a leading provider of Internet-based postage services with approximately 110 employees. We compete in a very technical and regulated industry and we rely heavily on our broad-based stock option plan to attract and retain skilled employees. Since incorporation in 1998, Stamps.com has issued options and allowed participation in our employee stock purchase plan to all full time employees.

Stamps.com is against the adoption of the Proposal and is in support of the Stock Option Reform Accounting Act (H.R. 3574 / S.1890), the bipartisan legislation that would delay the implementation of the Proposal pending further study on the economic impact. The following details our comments regarding the adoption of the Proposal:

- Mandatory expensing of options is an economic issue that would have drastic negative consequences on many U.S. industries, hurting employees of all levels and limiting competitiveness and innovation.
- We feel the Proposal, if adopted, will not improve corporate governance and will not help investors gain a complete understanding of a company's finances. Employee stock options are very different from market-traded options and should not be valued as such. The available methodologies, (e.g. the Black-Scholes or lattice models), and the subjectivity of the related variables of such models are unreliable, inconsistent and incomparable, and expensing options based on these methodologies would in fact undermine the credibility of financial statements and could lead to investor misinformation.

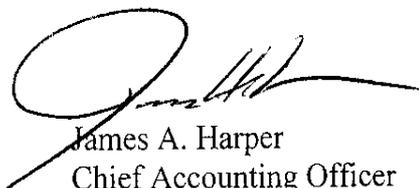
- The costs associated with implementing the Proposal are substantial and are not warranted considering the potential negative impact on the accuracy and comparability of financial statements.
- We believe the "cost" of options is already reflected in the financial statements through the dilution of earnings per share. The proposed expensing of options may create a "double hit" to EPS in that the measured expense would reduce earnings while the options, themselves, are factored into the equation as common stock equivalents.
- We also believe that there is no direct evidence that unethical and illegal corporate behavior aimed at inflating stock values is in any way tied to broad based stock options plans.
- Broad-based option plans provide incentive to all employees and align their interest to that of their employers. The negative impact on earnings resulting from the adoption of the Proposal would likely result in companies scaling back broad-based employee stock option plans and / or discontinuing employee stock purchase plans. Additionally, this would negatively impact the ability of companies, across all industry sectors, to attract talent.

We greatly appreciate your consideration of our position with respect to the Proposal. If we can provide further information or data that would be helpful to FASB regarding Stamps.com's positions stated herein or otherwise, please do not hesitate to contact us.

Thank you.



Kyle Huebner
Chief Financial Officer



James A. Harper
Chief Accounting Officer

cc: United States Senator Dianne Feinstein
United States Senator Barbara Boxer
United States Representative Jane Harman