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Letter of Comment No: 5199  
File Reference: 1102-100

May 24, 2004

Robert H. Herz, Chairman  
**Director of Major Projects—File Reference No. 1102-100**  
Order Department, Financial Accounting Standards Board  
401 Merritt 7, P.O. Box 5116  
Norwalk, CT 06856-5116

Dear Chairman Herz:

I am absolutely convinced that the FASB's proposal for mandatory expensing of stock options will be more costly to companies from an accounting standpoint. This practice will force companies to report expenses before the money is even spent, and will not be spent until the employee exercises that stock option. Beyond that, it is virtually impossible to value these options unless they are exercised. That is why I am writing to urge you to vote against this absolutely reprehensible standard!

Right now, companies can choose how they want to compensate employees without government involvement. One of the options available to them is stock options, which allow businesses to build a strong and loyal workforce that further contributes to the growth of the company. It is also a vital way for smaller companies to compete with larger corporations who can offer employees extensive benefit packages. This is why it is inconceivable to me that the government would make this growth-creating asset more difficult for domestic businesses to use by adding an additional layer of regulation. It just doesn't make sense to me at all.

I hope that you can see this issue from the same perspective as a small business owner. I understand this is just one of the many important issues you deal with on a daily basis and I thank you for taking the time to read this. I do feel, however, that there are few policies as important as the mandatory expensing of stock options. It severely affects the business prospects and livelihood of small business owners and their employees across the country. This proposal needs to be shelved in order to allow small business an opportunity to continue to thrive.

Sincerely Yours,



Donald Daley