

Chris Badger

May 26, 2004

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

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

Letter of Comment No: 4367 File Reference: 1102-100

Dear Chairman Herz,

The idea behind a stock option is that an employee receives the stock at a certain value. As the employee helps with the success of the company, the value of that stock will increase and the employee shares in the company's success. This option is also one of the major factors which allow entrepreneurs to create new technology and businesses. All of these facts are viable reasons why stock options should NOT be expensed at the time of delivery.

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 let small business owners down. Please oppose any mandatory expensing of stock options and let us focus on running our own businesses without unnecessary Government interference. Thank you for your time.

Sincerely,

Chris Badger