

Fytek Inc

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May 7, 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

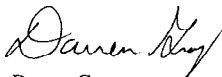
Dear Chairman Herz:

The capability of a company to award stock options upon valued employees is a powerful incentive to help themselves by helping the company succeed. Thanks to stock option programs, employees know that the company's success is their gain as well. It is what keeps employees driving hard in the same direction.

Without adding anything in the way of new corporate governance protection, the FASB accounting standard on stock options would inflate the cost of employee compensation plans for every company that uses stock options. I can think of absolutely no good reason to declare stock options as an expense right as they are issued. I envision the elimination of stock options as a broad-based employee benefit not too far down the road, and that would be a terrible loss to American economic growth.

Please review this issue from the perspective of a small business owner. I know this is just one of the many important issues you are faced with on a daily basis and I thank you for taking the time to read my concerns. However, I do feel that few policies are as crucial as the mandatory expensing of stock options. It would severely impact the business prospects and livelihood of small business owners and their employees all over this great country. Please shelf this proposal and allow small businesses an opportunity to continue to thrive.

Sincerely,



Darren Gray
President