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Letter of Comment No: 2567 File Reference: 1102-100 George N. Ugras [ngu@acm.com] From:

Tuesday, May 18, 2004 11:51 PM Sent: To: Director - FASB

Cc: jcdowling@nvca.org Stock Option Expensing Subject:



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Dear Sir/Madam:

In considering the treatment of stock options in private companies as expenses you will be in effect destroying the growth engine for new jobs, for innovation, and wealth creation in this country. Stock options enable all of this to occur by aligning the interests of investors, innovators, and employees. Expensing them will destroy this alignment which is how companies such as HP and Dell have become symbols of America's strength worldwide.

Not only will this complicate the financial structure and make it less transparent but it will cause an undue burden on very small businesses that simply do not have the resources to cope with complex reporting requirements.

It is my sincere hope that this will not be implemented.

Regards,

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