

Letter of Comment No: 3111  
File Reference: 1102-100

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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

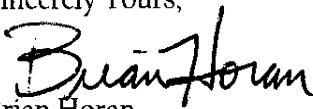
Dear Chairman Herz:

It is important to me that my company, and other companies like mine, can choose to compensate employees without government involvement. Many companies consider stock options an important tool that helps encourage growth. They allow companies to become more competitive in a marketplace where competition comes from all over the world. The immediate expensing of stock options would be incredibly bad news for any business that wants to use them as an alternative to expensive pay raises.

Broad-based employee stock plans have converted stock options from a 'perk' for the privileged few to a very successful incentive and reward system for employees at all levels in corporations. Mandatory expensing of stock options would jeopardize many companies' ability to offer stock options to all employees. That would be a blow to the productivity growth of those companies and a huge disappointment to millions of employees whose stock options gave them a direct stake in helping their companies succeed.

I am confident that you will see the disadvantages of the mandatory expensing of stock options as small business owners across America see them. Expensing stock options immediately is a sure way to make sure that no company gives them out anymore. Unless that is the FASB's aim, I would heartily recommend that this proposal be turned down.

Sincerely Yours,

  
Brian Horan