Letter of Comment No: 5322 File Reference: 1102-100

## 42 Southfield Ct. ~ San Jose, CA 95138

## 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

Dear Chairman,

Small businesses need to have maximum flexibility to attract talented employees. As much as a company would like to, competitive realities prevent them from rewarding top performers with big salary increases. That is why stock options provide an attractive alternative way to reward top performers that in some ways is even better than a salary increase. I know that is one of the main attractions I look for when searching for a place of employment. A stock option is a form of reward that the employee can access when he or she needs it most, and when it is at its most valuable. That is why I am steadfastly against any type of government intervention that would threaten this valuable benefit to a business or its employees.

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 you agree?

That is why I am urging you not to let small business owners or their employees down. Please do everything in your power to oppose any mandatory expensing of stock options and let us focus on running our businesses without unnecessary added reporting bureaucracy. Thank you.

Sincerely,

Michael G. Davis

June 23, 2004

cc: Senator Barbara Boxer Senator Dianne Feinstein

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