

E M Hawaii Inc

**2440 N Coyote Dr Ste 125
Tucson, AZ 85745-1245**

Letter of Comment No: 3805
File Reference: 1102-100

May 24, 2004

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

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

Dear Chairman Robert H. Herz:

Though I never worked for a company that had stock options, I can certainly appreciate the value of them as an incentive tool to keep good employees on the books, and to recruit the best employees to work for a company as possible. Stock options are a means of providing ownership stakes in a company, and to tie an employee to the performance of the company as a whole. The FASB is making moves now that could jeopardize the future of stock options as a reward incentive, and I am writing in hopes of delaying that.

It simply doesn't make sense to expense a stock option before it is exercised by an employee. Until that time, there is no way to determine the accurate value of the option. You wouldn't pay your electricity bill before you knew what the actual amount on the bill was going to be, would you? Otherwise you could be creating a gap between what you pay and what you owe---which must be made up at a future point. The principle is the same here. You shouldn't expense costs before you actually know what they are.

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 would hamper economic growth and halt the emergence of exciting new technologies and businesses. You would be infringing on how a business owner and employee agree on compensation. I implore you to help fight these unnecessary and burdensome measures.

Sincerely,


Eric Lankester