Letter of Comment No: 476| File Reference: 1102-100

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6/21/04

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:

Currently, I am an employee of a company that has stock options. In reviewing FASB's proposed new accounting standards, I can find no benefit to the companies of employees that it would affect. What is wrong with the way that stock options are currently being reported? Every thing that anyone would want to know is already available to them. However, requiring companies to 'expense' all options before they are exercised is not only redundant, it also financially misleading because it would force companies to use phantom numbers in their accounting practices.

Financial statistics show that stock option plans foster a unique relationship between employees and their employers. These plans help employees to develop a team spirit and improve company performance in ways to numerous to list. As an employee, I have come to depend on such rewards. However, if the FASB's proposed mandating of stock option goes in to effect, it will have a negative impact on many employees if companies decide that issuing the options is not worth the accounting hassle that the FASB seeks to create. Please do not allow this to happen!

Do not make the serious mistake of mandating the expensing of stock options. Stock options are a great incentive and fuel motivation for many employees and that is why I ask you leave the current standards for reporting stock options alone. Thank you.

Sincerely,

cc: Senator Barbara Boxer Senator Dianne Feinstein