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Letter of Comment No: 4979
File Reference: 1102-100

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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

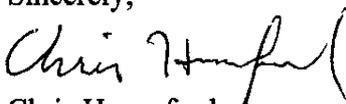
Dear Chairman,

I'm writing because I do not believe that the financial community has never been able to accurately predict the future. However, the FASB, through its proposal for mandatory expensing of stock options, is asking them to start. There is simply no way the value of a stock option can be determined until an employee exercises that option. Since stock prices vary from day to day, how can the FASB expect a company to put a value to these stock options? It simply makes no sense but it will definitely create an accounting nightmare for everyone concerned.

In the business climate where we operate today, there are strict practical limits on the amount of additional salary employers can offer their people in return for exceptional performance. Stock options allow them to reward exceptional performance by giving exceptional employees an increased stake in the company's success. Through stock options, employees, like me, are encouraged to earn a greater return for outside investors and for themselves. Mandatory expensing of stock options would cause a great many businesses to reconsider offering them in the first place and that would truly be detrimental to employees in the long run.

The mandatory expensing of stock options would be serious mistake. Small business owners need the flexibility to compensate their employees as they see fit. Employees need a way to play for their financial futures and retirement. The mandatory expensing of stock options needs to be shelved if small businesses are going to continue to be the main employer and engine of the economy. It needs to be totally abandoned if employees are to be able to prepare for their own financial futures. Thank you.

Sincerely,


Chris Hannaford

cc: Senator Edward Kennedy
Senator John Kerry