

Letter of Comment No: 4972  
File Reference: 1102-100

Judy Schwarz  
579 Church Hill Road  
Trumbull, CT 06611

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Chairman Robert H. Herz  
**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 Robert Herz,

In today's business world, the majority of companies have to operate on very tight budgets and, employees have come to accept the fact that restrictions on salaries must exist to ensure the survival of their company. That is why alternative forms of compensation, like stock options, have become necessary if in order remain competitive and supplement employee incomes. If you take away stock options, many businesses and individual workers will pay a heavy price. That is why I am so upset over FASB's attempt to mandate the expensing of stock options.

The proposed FASB standard is based on the ability of the financial community to accurately predict future costs. This is an illogical request and one that led major companies in the past to the brink of disaster. It most assuredly will lead present day companies to the same fate. A company's accounting process should be based on real numbers, not imagined numbers. It is simply not possible to be able to determine the value of a stock option before it is exercised. With stock prices varying everyday, FASB cannot expect companies to determine the cost of a stock option without it being exercised by an employee.

For my part, I am extremely displeased to know that, while our country is struggling towards a full economic recovery, the FASB proposes a new accounting standard that will place us back in a financial hole! Clearly you should realize that if companies are required to expense stock options prior to them being exercised, then they will simply stop offering stock options to their employees because it will become too expensive and time consuming for them to do so?

As an employee who has come to depend upon on stock options as a means to supplement my income, I feel that this is a very important issue, and would appreciate your help in addressing it appropriately. Thank you for your time.

Sincerely,

Judy Schwarz



cc: Senator Christopher Dodd  
Senator Joseph Lieberman