

6/21/04

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

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

Dear Chairman Herz

I am writing to express my opposition to the FASB's plan to enforce the expensing of stock options by making it an accounting standard. Currently, every company's financial statement must, by law, reveal information regarding their unexercised stock options. Therefore this entire plan is a major waste of time. This proposal would also prevent the company where I am employed from operating efficiently and negatively impact the entire financial community.

As everyone knows, a stock option is meant to be issued to an employee at a certain value. Then, as the value of the company's stock increases, the value of the stock option also increases for the holder and the cost of that stock option to the company increases as well. The actual price of that stock option cannot be known until it has been exercised. However, this proposed FASB standard would require that a company value a stock option before the cost of the stock is even known. This would create an accounting nightmare for businesses that would be forced to use imaginary numbers. Do you really want to see this type of accounting practice become the norm?

Careful examination of all of the facts will plainly show how the disadvantages of the mandatory expensing of stock options far outweigh any advantages. Employees across America would stand to lose their financial security if companies stop offering stock options to their employees because of the financial burden being imposed by the new FASB standards. We are already in danger of losing our Social Security Benefits due to a lack of funding; please don't take away our right to use stock options as a way to prepare for our future. Thank you.

Warm Regards,



Timothy Alton

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cc: Senator Barbara Boxer
Senator Dianne Feinstein