Gregory Smith LTX Corporation Senior Component Engineer University Avenue Westwood, MA 02090-2306 Letter of Comment No: 4976 File Reference: 1102-100

June 22, 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 Herz,

The state of today's competitive business environment restricts a company's ability to reward their most productive employees with decent salary increases. That is why the use of stock options has become so very important in attracting and retaining good employees. The use of stock options allows employers to reward their employees in a more fiscally responsible way, while still rewarding hard work and results. It's a no lose situation for everyone involved.

Mandatory expensing would force companies to list employee stock options as an expense the instant they are issued, when everybody knows they don't cost the company anything until they are actually exercised. The proposed FASB standard would falsely depress profits by adding to a company's reported expenses. It would also make it financially impossible for many firms to retain stock options as part of their compensation package. This would be extremely detrimental to employees like me who depend upon stock options as a way build financial security.

Given these facts, surely you can see the disadvantages of the mandatory expensing of stock options? Expensing stock options would obstruct economic growth and harm employees' financial futures. Additionally, you would be infringing on how a business owner and employee agree on compensation. Please fight these unnecessary and oppressive measures. Thank you.

Regards,

Gregory Smith

cc: Senator Edward Kennedy Senator John Kerry