Letter of Comment No: 6116 File Reference: 1102-100

## Kathleen Riordan

633 East Allens Lane, Philadelphia, PA 19119

June 26, 2004 9:35 AM

Director, Major Projects and Technical Activities Financial Accounting Standards Board File Reference No. 1102-100 Share-Based Payment; an amendment of FASB Statements No. 123 and 95 Norwalk, CT 06856-5116

Subject: Make Companies Put Stock Options on the Books

Dear Director, Major Projects and Technical Activities Standards Board:

I strongly support your proposal to require companies to expense stock options. Not expensing stock options has promoted their overuse in CEO pay against the long-term interests of shareholders. For example, why wouldn't Enron executives(and others)assume that stock options offered a financial incentive for them to cook the books.

The retirement savings of America's working families depend in part on all companies, including small businesses and start-ups, having honest accounting practices. Companies that do not expense stock options are hiding their true cost from investors, creditors and other consumers of financial reports. In my opinion, stock option compensation should not receive preferential accounting treatment.

In conclusion, I urge you to require stock option expensing as soon as possible. Independent experts, such as the Financial Accounting Standards Board, should set the standards on stock option expensing, not the politicians in Washington.

Stock options are a COMPENSATION expense, and this cost can be reliably estimated using your proposed accounting method. I believe corporate executives should be held accountable and not be able to hide the cost of stock options from their investors.

Thank you.

Sincerely,

Kathleen Riordan

cc:

Senator Richard Shelby