

Julio C. Lachaga

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6/22/04

**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 Herz:

I currently work for a company that utilizes stock options as an incentive for its employees. I can honestly state that we have some of the best talent around. I feel safe in speaking for my co-workers when I say our company's stock options are what pushed many of us to stick with our company. Without the flexibility to offer stock options in order to compete in the market, countless companies will simply flounder and employees will be left with out decent ways to supplement their incomes. That is why I feel so much angst over the proposed mandating of stock options.

I consider stock options as an incentive to employees. They basically allow companies to offer valued workers a direct stake in the growth of the company they are asked to contribute to. They are earning wealth both for themselves, the company and its investors. Self-interest is a mighty motivator and stock options give employees a very clear self-interest in the future success of their company. However if the new accounting standard is put into practice it will make stock options a financial liability to companies and they will cease offering them to employees in their benefits packages. That would be extremely detrimental to employees everywhere.

In closing, I want to thank you for your time in reading my views on this serious matter. I understand you are very busy and do not have time to acknowledge every request from each constituent. Still, this is a very important issue that affects personal freedom, job development, and economic growth. It needs to be addressed to insure the future success of employees across America.

Sincerely,



Julio C. Lachaga  
70 Southgate Ct.  
San Jose, CA 95138

cc: Senator Barbara Boxer  
Senator Dianne Feinstein