

Letter of Comment No: 5911
File Reference: 1102-100

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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 want to write to tell you that I very 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, I believe stock options provided a financial incentive for Enron executives to cook the books.

With so many of America's working families retirement savings depending in part on all companies, including small businesses and start-ups, having honest accounting practices is a MUST. Companies that don't expense stock options are hiding their true cost from investors, creditors and other consumers of financial reports. In my opinion, stock option compensation should never receive preferential accounting treatment - it is a TRUE company expense that should be revealed like all other expenses.

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 those subject to the whims of politics. Stock options are a compensation expense, and this cost can be reliably estimated using your proposed accounting method. Corporate executives should be ashamed for trying to hide the cost of stock options from their investors - let's keep them honest and working for the people who place their trust and their futures with their companies.

Sincerely,

C. Johannes

cc:

Senator Richard Shelby
Representative Barney Frank
Representative Michael Oxley