

Stacey Sutay

Letter of Comment No: 98
File Reference: 1102-100

From: Director - FASB
Sent: Tuesday, April 20, 2004 2:27 PM
To: Stacey Sutay
Subject: FW: Expensing of employee stock options

-----Original Message-----

From: Patrick Monahan [mailto:p.monahan@sbcglobal.net]
Sent: Monday, April 19, 2004 8:40 PM
To: Director - FASB
Subject: Expensing of employee stock options

Dear Chairman Herz,

I am contacting you to encourage you not expense stock options at this time.

In todays ultra competitive world there are few things that motivate employees better than compensation. And few things that motivate employees to work to make the customer successful. Businesses are fighting an up hill battle against employee moral. We have issues around outsourcing jobs and salary deflation.

The nice thing about stock values is that they are not based upon some company formula or subjective evaluation. It is based upon the success or demise of a company. Employees can make a direct connection between a successful company and the stock price. Stock options are one of the few ways a regular employee can share in the success of a company, much like executives have always done.

If you instill the mind set that what you do today has affects 12-18 months in the future, you get a different type of answer and a different type of solution. People know that their future depends upon what is done today. And they will make decisions that are beneficial to the employees, stock holders and customers.

As a manager in a high tech company, I have seen first hand how company ownership by employess is vastly different than a straight salary. With the cost of doing business in China and India at a fraction of the cost here, we must have some way to motivate people to be innovative, creative and productive. Stock options are a great way of doing this.

Please consider these factors and don't expense stock options. It will really hurt industries like high tech which are highly competitive for employees and business in general.

Sincerely,
Patrick Monahan
San Jose, CA