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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 Robert Herz,

Although I do not usually write my elected officials, the proposed mandating of stock options has forced me to do so. From the perspective of the employee, this proposal would create far more harm than good. Without adding anything in the way of new corporate governance protection, the FASB accounting standard on stock options would inflate the cost of employee compensation plans for every company that uses stock options. I don't believe there is any good reason to declare stock options as an expense as soon as they are issued. The end result could very well be to eliminate stock options as a broad-based employee benefit. That would be a terrible loss to American economic growth. Please don't let that happen.

In the area of employee compensation, actions have always spoken louder than words. Companies who offer stock options understand this principle and reap the benefits in immeasurable ways. When a company provides this option, it sends an undeniable message that the employees will share in the company's fortunes. The end result is a more productive, motivated work force. Why would the FASB want to strip companies of such a strong motivational tool?

The facts plainly show why the mandatory expensing of stock options is a serious mistake. Small business owners cherish the flexibility to compensate their employees as they see fit. This is a freedom that has allowed for the continued success of the small business in the United States and the financial security of its employees. The mandatory expensing of stock options needs to be shelved if small businesses are going to continue to be the main employer and engine of the economy. I hope we can count on your support in this area. Thank you.

Regards,



Stanley Oda

cc: Senator Barbara Boxer
Senator Dianne Feinstein