John Simonian

Letter of Comment No: 6004 File Reference: 1102-100

1314 Hayes St., San Francisco, CA 94117-1424

June 29, 2004 7:41 PM

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, stock options provided a financial incentive for Enron executives 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.

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, not Washington politicians—should set the standards on stock-option expensing. Stock options are a compensation expense, and this cost can be reliably estimated using your proposed accounting method. I believe corporate executives should be ashamed for trying to hide the cost of stock options from their investors.

Sincerely,

John Simonian

cc:

Senator Richard Shelby