COUNCIL OF INSTITUTIONAL INVESTORS

Letter of Comment No:3/72A File Reference: 1102-100

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July 1, 2004

Director of Major Projects—File Reference 1102-100 Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, CT 06856-5116

Re: File No. 1102-100

Dear Director:

The Council of Institutional Investors, an organization of more than 140 public, corporate and union pension funds with more than \$3 trillion in investments, is concerned by recent reports that the Financial Accounting Standards Board is considering delaying the implementation of stock options expensing in its final rule.

Although compliance with the requirements of the Sarbanes-Oxley Act may stretch the capabilities of some companies, we see nothing in the proposed rule on stock options expensing that should tax the competence of any U.S. corporation or make it less likely that they could meet regulatory requirements. Indeed, one of the positive features of the proposed rule is that it is relatively easy to implement. Public companies in particular should not have to undertake elaborate new procedures or incur exorbitant expense to implement the proposed rule.

I'm sure you appreciate how strong the political opposition to stock option expensing is. Delaying implementation, even if the rule is approved, allows more time for the forces arrayed against it to legislate its repeal. The Council urges you to keep to the proposed start date of December 15, 2004.

Please contact me with any questions.

Sincerely,

Executive Director

cc:

Robert H. Herz, Chair, FASB Senator Richard C. Shelby Senator Paul S. Sarbanes Congressman Michael G. Oxley Congressman Richard H. Baker

Bryan Corbett, Counsel, Senate Committee on Banking, Housing and Urban Affairs

Jeffrey P. Mahoney, FASB