

Lonnie P. Taylor
Vice President, Federal and State Relations

June 28, 2004

Letter of Comment No: 5773
File Reference: 1102-100

Ms. Suzanne Bielstein - Director of Major Projects
Financial Accounting Standards Board
401 Merritt 7
Norwalk, CT, 06856-5116

File Reference No. 1102-100 – *Share-Based Payment* Proposal

Dear Ms. Bielstein:

On behalf of Nextel Communications, Inc., its employees and shareholders, I am writing regarding your *Share-Based Payment* proposal, File Reference No. 1102-100. This proposal seriously threatens the use of broad-based employee stock options at Nextel as a compensation benefit. Our stock options plans serve a critical role for us in attracting and retaining skilled talent in order to compete effectively, and to maintain U.S. leadership in the global economy.

Nextel employs over 17,000 employees across the country, with 100 percent of our full time workers receiving stock options. These stock options plans are approved by our Board of Directors and sanctioned by our shareholders. Like other industries, here in the telecommunications sector, our employees are motivated largely by such benefits and ownership rewards. Indeed, the explosive growth within wireless communications can be attributed to the innovation and tenacity of these motivated employees.

The mandatory expensing of stock options would compromise our and many other technology companies' ability to offer such rewards. Innovation would suffer, as would U.S. firms' standing as global leaders. We urge you to carefully consider not only the accounting impact of the proposed standard and the challenge of valuing employee stock options but the economic impact of your proposal as well as. Replacing current detailed explanations on equity-based compensation in financial statements with untested accounting standards diminishes accuracy, reliability and transparency. The economic consequences are far-reaching and exist in the absence of any real benefits.

Nextel recognizes the need for reliable, accurate and transparent financial statements. We also recognize the important, independent role that FASB plays. However, I feel the need to iterate the harm that such a sweeping proposal can have on Nextel and other companies that provide broad-based stock options.



Nextel leadership must ensure that the interests of employees are aligned with those of shareholders and that appropriate decisions for accounting regulation and economic competitiveness are made. Nextel Communications and the wireless industry in general are at the forefront of developing emerging technologies and devices that continue to have a direct impact on our countries' Gross Domestic Product. The change in accounting standards by the *Share-Based Payment* proposal will have serious adverse consequences in the context of economic growth and job creation at local and national levels.

Nextel requests that FASB strongly consider all affects of its *Share-Based Payment* proposal on U.S. firms' ability to properly account for their expenses and evaluate the magnitude of the economic implications of the proposal prior to issuing a rule.

Sincerely,

A handwritten signature in black ink, appearing to read "Lonnie P. Taylor". The signature is fluid and cursive, with a large, stylized initial "L".

Lonnie P. Taylor
Vice President, Federal and State Relations