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Letter of Comment No: 5190 Tile Reference: 1102-100

Sent:

Monday, June 21, 2004 6:03 PM

To:

Director - FASB

Subject: File Reference No. 1102-100# Mandatory expensing would cost America its competitive advantage

• Broad-based stock option plans drive innovation.

• Innovation is necessary for economic recovery and national security.

• Mandatory expensing is not a solution.

 Mandatory expensing will not end excessive executive compensation, because a corporation will always find ways to reward its top executives.

o Mandatory expensing will not improve corporate governance, because it doesn't address corporate governance issues.

• Mandatory expensing would cost America its competitive advantage

Mandatory expensing would have significant costs to society.

The issue of mandatory expensing of stock options has broad consequences to both the economy and national security, and it therefore must be examined in that broader context; not merely as a pure accounting issue.

These proposals, if adopted, would force companies to scale back broad-based employee stock option plans and I do not support it.

Thanks

V. Nachi

6/21/04