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From:

Shelton, James [James.Shelton@nasdaq.com]

Sent: To: Friday, June 25, 2004 11:58 AM

Director - FASB

Subject:

File Reference No. 1102-100



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Dear Sirs:

I am writing you this letter to voice my personal opposition to the FASB proposed rule that will require public companies to expense stock options when granted. As an employee of the NASDAQ Stock Market, I recognize that this proposal will generate negative consequences to many of the companies that list on our market, but also more directly to the employees of NASDAQ that have benefited from this form of compensation. Companies of all sectors have successfully used options to attract talent and more closely align the interests of employees with those of the companies. Mandatory expensing will discourage use of options, thus discouraging entrepreneurship and business development.

Letter of Comment No: 5339

File Reference: 1102-100

I do not believe that the FASB plan will improve corporate governance or provide any additional insight for an investor's insight into a company's finances. In fact because it would be difficult to create an accurate value, the expensing approach based on available methodologies would in fact undermine the credibility of a companies financial statements. The additional cost to implement and maintain an expense plan will create an unnecessary financial burden to companies which is a poor investment considering the inherent flaws in the proposed plan. This is definitely not a good thing for public companies or their investors.

I appreciate the opportunity to voice my opinion on this very important legislation.

Sincerely,

James Shelton

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