May 14, 2004

Mr. Robert H. Herz, Chairman
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Dear Chairman Herz:

The National Retiree Legislative Network, an organization representing nearly 2 million retirees, commends the FASB for issuing its proposed rule requiring publicly traded companies to list the value of stock options as an expense on their financial statements. The NRLN encourages the board to adopt this as a permanent rule.

Many companies have abused the current law that only requires companies to disclose stock options in statement footnotes. Executives and Boards of Directors have granted themselves overly generous stock options when the financial performance of their corporation has not merited such lucrative rewards. In the end, the shareholders of these corporations bear this cost.

Retirees are concerned that greedy executives are reducing pension and health care benefits as a way to improve corporate financial performance in order to increase the value of their stock options.

I have written to Congressional leaders urging them to heed Federal Reserve Chairman Alan Greenspan’s warning to Congress and not to try to stop the requirement that companies expense stock options. Unlike 1994 when pressure from the U.S. Senate caused the FASB to back away from implementing a similar rule, the NRLN hopes that this time Congress will let the FASB do its job without interference from Capitol Hill.

The NRLN’s position on this issue is endorsed by its affiliate associations that include retirees from Association of US WEST Retirees, Association of BellTel Retirees, Association of Prudential Retirees, Association of Raytheon Retirees, Monsanto Retirees Association, along with groups from Xerox, Boeing, GE, GM, IBM, Johns Manville, Lucent, AT&T, Portland Electric (Enron), SNET, Western Union, Continental Tire and others.

Sincerely,

Jim Norby