

# UFCW

a VOICE for working America

Letter of Comment No: 6511  
File Reference: 1102-100

June 30, 2004

Financial Accounting Standards Board  
401 Merritt 7  
Post Office Box 5116  
Norwalk CT 06856-5116

Attention: Director, TA&I-FSP

Dear Sir or Madam:

**Subject: File No.1102-100**

On behalf of the United Food and Commercial Workers International Union (UFCW) and our 1.4 million members, I appreciate the opportunity to comment on the proposal by the Financial Accounting Standards Board (FASB) to require the mandatory expensing of stock options, and the potential impact of stock option expensing on America's working families.

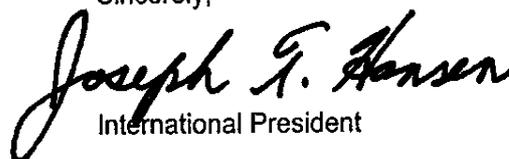
The UFCW International manages funds on behalf of its members who invest billions of dollars in companies, both large and small, that grant stock options. Our members, as investors and workers, have an interest in ensuring that decisive financial information is consistent and accurate. The UFCW supports FASB in its efforts to close the accounting loophole that has allowed corporations to understate the true cost of executive compensation. We strongly oppose S. 9769, S. 1890, and similar efforts to exempt stock options from normal accounting and processes by which rules are made.

The current accounting rules support disparate handling of stock options by not requiring them to be charged as an expense. This ultimate lack of accounting gives companies that issue but do not expense stock options an artificial increase in profits. This preferential treatment of stock options leaves investors, creditors, and other stakeholders in the dark about their true cost while leaving companies with an incentive to excessively issue stock options.

Uniform accounting rules provide investors with accurate information so that they can make reasoned investment decisions. The current inconsistent adoption of stock option expensing runs counter to this goal, hindering investors from making accurate comparisons between investment options and ultimately the associated risk. As we have seen with Enron, this can lead to disastrous consequences and cost investors significant money.

FASB's decision to require stock option expensing in 2005 will provide needed consistency and strengthen investor confidence in financial statements. For this reason, the UFCW believes all businesses should expense stock options and supports FASB in its efforts.

Sincerely,

  
International President