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CHAIRMAN

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June 21, 2004

Director of Major Projects—File Reference 1102-100
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Letter of Comment No: 4870
File Reference: 1102-100

RE: File No. 1102-100

Dear Director:

The Marco Consulting Group is a registered investment advisor to more than 450 institutional investors with an aggregate asset value in excess of \$80 billion. Slightly less than half of that amount is invested in U.S. equities.

We strongly support the Financial Accounting Standards Board's exposure draft regarding share-based payments, which calls for the expensing of all share-based payments, including stock options, awarded to employees. Our clients have been submitting shareholder proposals for the past two years urging companies to voluntarily expense their options and they have been encouraged by the strong support for them—the proposals have averaged a near majority vote and hundreds of companies have adopted an expensing policy.

The expensing of stock options makes economic sense. Stock options are compensation. Compensation is an expense. Expenses should be accounted for in a corporation's financial statements.

More importantly, requiring all options to be expensed, along with meaningful disclosure of relevant assumptions, will result in high-quality, comparable financial statements from all U.S. companies that will be an extremely valuable guide for our clients when they make investment decisions.

Please contact me with any questions.

Sincerely,

Jack M. Marco
Chairman