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From: Craig Varga [Craig.Varga@nsc.com]

Sent: Monday, May 10, 2004 5:50 PM

To: Director - FASB

Cc: Jeanette.Morgan@nsc.com

Subject: File Reference No. 1102-100, stock option expensing

Chairman Robert H. Herz,

I am writing to express my opinion that the FASB's move to expense employee stock option and purchase plans will cause irreparable harm to the semiconductor industry as well as others. As a beneficiary of stock options over the years I can certainly say I have benefitted greatly as a result. The options act as a major incentive for employees receiving them and in the end benefit the company as well as the employee. The government also received some very healthy tax payments when I chose to exercise my options. It is well to note that at no time was I ever considered senior management when I received the best of my options. It seems there's a myth in the press that only the "big guys" benefit from options. While it's true that the corporate officers can profit handsomely, the mid level employees are offered adequate incentive that their focus is assured. Having been a hiring manager in the past, I can tell you that the semiconductor industry in particular would have a very difficult time attracting the best and brightest of new graduates with out options as an incentive.

As an electrical engineer, I can also attest to the fact that engineering pay in general, is far below that of other highly qualified professions like medicine and law. The options act as a bit of an equalizer. If we are to provide an incentive for smart young people to pick a profession like engineering, rather than choose something like law, which after all, produces no real wealth, we as a nation will suffer tremendously. We're seeing that problem today. Kill off options in this industry and a great deal of the incentive will be gone. You don't do this strictly for the salary.

Regards,

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