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Letter of Comment No: 2117
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From: McKibben, Kevin P [kevin.p.mckibben@intel.com]
Sent: Friday, April 30, 2004 12:00 AM
To: Director - FASB
Subject: File Reference No. 1102-100

Dear FASB Org member:

I have been observing the developments of your group for many months now and am concerned about the direction you are headed. I would like to voice my opinion on the subject and ask that someone respond with data that would contradict my positions.

I am supportive of the great American ideal... "the land of opportunity"... to be able to own a home, to vote as you see fit, and determine for yourself what you want to do for an income. Working for yourself is the ultimate freedom of expression... to be able to control your own destiny. If you can't work for yourself... then working for a company that allows you to participate in the profitability is the next best thing... with working for someone else or an "institution" as being the final possibility... unless you categorize living off of welfare as an alternative. I view none of the above options as being better than the other... it depends on what you want in life and what your future directions/goals might be that would focus you in which one is right for you. I personally have not discovered a business proposition that would allow me to work for myself.

I am working for a company where I feel I am able to contribute to the bottom line by how hard I work, how well I perform, and how I watch my expenses. At this company, I am also able to participate in the growth performance of the company thru the Incentive Stock Option plan. I believe that my everyday performance will result in more upside for my future as the company does better in the marketplace and hopefully the stock price moves up. These are the inherent benefits from my vested interests in the Incentive Stock Option plan my company provides me. My company uses Incentive stock options across ALL levels of the company... not just the highest paid executives. It is my understanding that with your proposed accounting methods, the financial accounting impact would negatively affect the ability for this program to continue as is within my company and would risk (the highest tech Companies in the world) the compensation competitiveness many companies have maintained over the years to foreign interests

Am I correct in understanding that it is this board's direction to mandate all companies to account for employee stock options as an "expense" in the accounting rules? By treating employee stock options as an accounting expense, does it not disregard three fundamental issues?

First is valuation. Employee options are not freely tradable. How do you value something that has no market? How do you put a price on something if it's not for sale? Please supply your answer here.

Second, employee stock options are subject to lengthy vesting periods—typically four or five years. If the employee changes jobs before the options vest, they are forfeited. What happens then? Please answer here.

Finally, employee stock options will be exercised only if the stock price rises above the strike price. How does one predict future stock prices with any degree of certainty? Please provide answer here.

As a concerned citizen, employee, parent and community member, I am asking for further understanding of your direction and why this will be good for America.

Thanks for your time and future reply.

Kevin P. McKibben
Concerned Citizen of a Democratic Society

4/30/2004