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Letter of Comment No: 214
File Reference: 1102-100

From: Waite, Bill D [bill.d.waite@intel.com]
Sent: Thursday, April 29, 2004 3:36 PM
To: Director - FASB
Subject: File Reference No. 1102-100

Greetings:

I am a currently licensed CPA from the State of Utah working for Intel Corporation and would like to express my views regarding the proposed "stock option expensing".

Treating employee stock options as an accounting expense disregards three fundamental issues. First, 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? The answer is that you cannot. There is no accurate way to value these options without an open market.

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 but the company would have already had to expense the options.

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? I have a number of Intel stock options that are still currently in the red. Stock options are great but of no value if the market has turned. The high-tech industry has certainly been hit by Wall Street during the last three years. Why would you want to further penalize a company by requiring an additional expense to its income statement?

Sincerely,

Bill Waite, CPA
Sr. Business Analyst
Intel Corporation