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Letter of Comment No: 368/ File Reference: 1102-100

From: llissner@altera.com

**Sent:** Tuesday, June 15, 2004 1:51 PM

To: Director - FASB

**Subject:** File Reference No. 1102-100, Comment on FASB Stock Option Proposal



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Dear Mr. Robert Herz:

I am writing in reference to FASB's invitation to comment on its exposure draft, "Share-Based Payment," an amendment of Statements No. 123 and 95. I believe that expensing stock options as part of GAAP will add no additional information to shareholders over current disclosures required by FASB and the SEC. In fact, I believe such practices will make it more difficult for investors to make earnings comparisons among investment alternatives. Why? Because none of the current stock option valuation methodologies currently being considered accurately model (and hence value) employee stock options and all have so many unknowns and assumptions that there can be no consistency among reporting companies so as to provide accurate comparative financial statements. The award of employee stock options effect a company's earnings through dilution, an effect that is already accurately and consistently reflected in earnings per share using current regulations (i.e. the Treasury Method). Furthermore, the shareholders of most public companies have complete voting control over the number of options available for employee grants and hence the amount of dilution they will tolerate. The SEC filings clearly show the number of options granted and their current and potential dilutive effect on earnings. Investors do not need a 'wild card' adjustment to obfuscate earnings. I strongly recommend that the FASB rejects the inclusion of stock option expensing as part of GAAP earnings reports.

Sincerely,

Lance Lissner Altera Corporation 1696 Orr Court Los Altos, CA 94024