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**From:** Vaccaro, Paul [paul.vaccaro@intel.com]  
**Sent:** Wednesday, April 28, 2004 4:35 PM  
**To:** Director - FASB  
**Subject:** File Reference No. 1102-100

To Whom It May Concern,

Thanks you for the opportunity to express my opinions relative to the current topic of Expensing Employee stock options. I feel this is a complex issue from many perspectives, and as a result an item with which there are real potential impacts warranting careful consideration. I do not support the current proposal which specifies the expensing of employee options. I believe the current proposal does not comprehend the full scope of implications and considerations.

I am in support of establishing standard practices for the purpose of mandating comparable financial reporting relative to employee stock options, but the solution of expensing these options is an not in the best interests of corporations and their shareholders. In studying the proposal I have come to the conclusion that the proposed methodology while providing a standard practice is flawed from a market valuation standpoint, and fails to consider the balance of interests of corporate managers and their shareholders. This proposal ultimately negatively impacts the very investors that it is intending to benefit. I believe this is the result of a purely myopic perspective of a few interest groups, specifically investors (individual and institutional) and legislators, in response to significant but a small set of recent events. Furthermore I believe the proposal may adversely impact corporations and their motivation to provide stock options to their broad employee's base as an incentive. These incentives are in the interest of corporations and their shareholders. It does not preclude future scandals by unscrupulous corporate managers, who may see an opportunity to manipulate short term price rallies, by manipulating costs charged against profits, and take even more money out of companies. Yet it will certainly provide a deterrent to many corporations to provide incentive options to a broad employee base, and the opportunity to keep real operating costs relative to salaries to a minimum.

The ability to provide employees incentive stock options, and provide a fair and consistent method of accounting for actual financial costs associated to these, as opposed to a theoretical point in time market valuation of something that is not able to leverage a fair market system, ultimately seems to me not in the best interests of shareholders, investors, and corporate managers. So as I stated while I'm in support of standard practices for financial reporting of stock options the current proposal is incomplete, and a poor methodology from a practical standpoint. As a result of these concerns and I am not in support of this proposal.

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