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Letter of Comment No: 3666 File Reference: 1102-100

From: Devale, John P [john.p.devale@intel.com]

Sent: Friday, May 21, 2004 3:17 PM

To: Director - FASB

Subject: File Reference No. 1102-100

## Dear Sir:

I am writing in regards to File Reference No. 1102-100, regarding the accounting expense of employee stock options. I am extremely concerned that in a rush to address the valid concerns over the malicious practices of a few corporate entities, and that the rights of those that have dealt fairly and in good faith are being trampled in the process. In addition, the real impact of any rules for the expensing of stock options will inevitably only hurt the employees, as evidenced by companies like DELL and MICROSOFT that have simply curtailed such employee benefits rather than expense employee options.

There is a fundamental flaw in the idea of forcing the assignation of short term value to a thing that has no method of determining the price or value of the item. Under some proposed methods of accounting, even options that are underwater and have no real value would have a real and not insubstantial value assigned to them for accounting purposes. Many options are never exercised, as employees leave before the option vests. We are a free market nation. Let the market of investors decide how options are expensed through their investment actions. If an investor doesn't like the accounting practices of a company, they will not invest in it, and that company will suffer.

Finally, our nation is built upon the precept that those people who hard work, provide innovation, and help to build a successful product or company are rewarded well for their efforts. It is central to the American Dream and is a motivation tool that drives our workforce to be the best in the world. I can think of no surer path to mediocrity than to add restrictions like the expensing of options, which have at best dubious value, to the ability of companies to compensate successful employees. In the final analysis, the potential for the loss of talented people who drive innovation because of reduced incentive seems to be a very dangerous and likely result of this effort.

## Respectfully,

John P. DeVale 13510 Briar Hollow Dr. Austin, TX 78729