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From: Nagel, Martin C [martin.c.nagel@intel.com] Letter of Comment No: | 1737

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Sent: Thursday, April 22, 2004 6:56 PM

To: Director - FASB

Subject: Stock options as income?

I urge you to vote against regulations requiring companies to expense stock options at the time they are granted. A frequent comment quoted in this discussion comes from Warren Buffett:

"For many years, I've had little confidence in the earnings numbers reported by most corporations," wrote Mr. Buffett in a July 24, 2002 New York Times op-ed piece. "Without blushing, almost all CEOs have told their shareholders that options are cost-free. When a company gives something of value to its employees in return for their services, it is clearly a compensation expense. And if expenses don't belong in the earnings statement, where in the world do they belong?"

I believe that options are indeed an expense, but not until the option is exercisable *and exercised*. Expensing options when they are granted seems to me like expensing the building heating costs five years in advance for a building that you haven't yet decided to occupy.

There is a potential expense each year of stock options that can be exercised this year, if all holders of stock options—that were granted in past years—choose to exercise them. I am a stockholder in the company for which I work—Intel—and I would like to know what the potential expense will be this year for the stock options granted in previous years, which can have an effect on the outstanding value of the stock, and thus my value. I think that the actual expense from those exercised this year should be reflected in the income statement and the potential expenses should be noted.

Thank you for your time.

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