

**IBC**International Bancshares
CorporationLetter of Comment No: 46
File Reference: 1101-001
Date Received: 11/5/02

Director of Major Projects
and Technical Activities
File Reference No. 1101-001

Re: Proposed Amendment of FASB Statement No. 123
(the "Proposal")

Dear Director:

Thank you for the opportunity to comment on the Proposal. Generally, we are against requiring companies to expense options and instead prefer to have option plans approved by shareholder vote and properly disclosed in the companies' financial statements. The use of stock options in today's marketplace is widespread and serves as an important means of increasing share ownership among many employees and provides a valuable incentive for the employee to have a vested interest in the financial success of the company. We applaud the fact that FASB statement No. 123 ("No. 123") is not mandatory and appreciate the Proposal's allowing for different methods in adopting No. 123. Shareholders, stock analysts and investors can review our No. 123 footnote in our annual report and determine the impact of stock options granted. Our biggest concern is that in the future you might make it a requirement to expense options, which we would strongly oppose.

We were founded with less than \$1 million in assets in 1966 and have grown to a \$6.5 billion asset size financial institution. We consider one of the main reasons for that success to be our stock option grants to employees. While there has been abuse in a select few of the more than 17,000 public companies, we do not feel there should be any change in the requirements for stock option expensing except for full disclosure to shareholders. We do not agree that a company should classify options as a cost on the income statement, because it is not an expense to the company. The cost of stock options to shareholders is reflected in diluted earnings per share, which is the dominant performance measure followed by investors and analysts. Stock options are not a true expense to the company issuing them, but to the shareholders allowing them.

Thank you for the opportunity to participate in this process.

Sincerely,

Dennis E. Nixon, Chairman of the Board