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**From:** Lipman, Allan M [allan.m.lipman@intel.com]  
**Sent:** Monday, April 26, 2004 5:25 PM  
**To:** Director - FASB  
**Subject:** File Reference No. 1102-100

To Whom It May Concern:

I am writing you to voice my opinion and firm disagreement regarding treating employee stock options as an accounting expense. There are several reasons why this is wrong.

1. **IT IS WRONG TO TREAT EMPLOYEE STOCK OPTIONS AS AN ACCOUNTING EXPENSE BECAUSE** these options are not freely tradable and there is no accurate way to value these options. How do you value something that has no market? How do you put a price on something if it's not for sale? The answer is that you cannot.
2. **IT IS WRONG TO TREAT EMPLOYEE STOCK OPTIONS AS AN ACCOUNTING EXPENSE BECAUSE** employee stock options are subject to lengthy vesting periods—typically four or five years. If the employee changes jobs before the options vest, they are forfeited.
3. **IT IS WRONG TO TREAT EMPLOYEE STOCK OPTIONS AS AN ACCOUNTING EXPENSE BECAUSE** employee stock options will be exercised only if the stock price rises above the strike price and there is no method or crystal ball that one can use to accurately predict future stock prices. There are entire industries dedicated to such a practice, yet no one is able to predict with absolute certainty what a stock price will be over a given length of time.
4. **IT IS WRONG TO TREAT EMPLOYEE STOCK OPTIONS AS AN ACCOUNTING EXPENSE BECAUSE** it will create a definitive competitive advantage for our competitors in Asia and other countries. Entrepreneurs in China, Singapore and India will not just continue to focus on software development or other low-tech industries; they will create global economic powerhouses there which will be listed on those stock markets. In its latest five-year economic plan, the Chinese government explicitly calls for broader use of stock options to attract and retain key talent in China.

It is ironic that a communist country, the People's Republic of China, is encouraging the wider use of stock options, while in the U.S. the FASB wishes to make option grants to employees much more difficult and expensive. This FASB proposal will harm the ability of Americans to innovate and drive our nation towards second tier status and create an uneven playing field for US companies.

I urge you to NOT force US companies to treat employee stock options as an accounting expense not only because it is wrong to force companies into a very ambiguous position simply due to the lack of appropriate controls by a few corrupt companies.

Thanks... Allan

**Allan Lipman**  
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