Letter of Comment No: 1732 File Reference: 1102-100

Len Tatore

From: Clifton, Timothy [timothy.clifton@intel.com]

Sent:

Thursday, April 22, 2004 6:51 PM

To:

Director - FASB

Cc:

Clifton, Timothy

Subject: File Reference No. 1102-100

As a middle manager who has enjoyed the benefit of the wide distribution of stock options within my company, I feel it is necessary to voice my opposition to the expensing of stock options.

By treating employee stock options as an accounting expense, it disregards a couple fundamental issues. First, employee options are not freely tradable. 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. There is no accurate way to value these options without an open market.

As we all know, employee stock options will be exercised only if the stock price rises above the strike price. How does one predict future stock prices with any degree of certainty? 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. It's a fools errand to predict value and worse, will penalize middle class workers such as myself.

Finally, I don't think expensing options will solve the problem of the egregious abuses that are the legacy of all the scandals we have witnessed over the last two years...by taking such an across the board approach you take away a significant incentive for middle managers such as myself who take great pride in having ownership in my company. Your potential action will do nothing to control the few executives of Enron who were inherently unethical.

In closing, please reconsider expensing options. It will have a lot of unintended negative economic and competitive effects and will have zero impact on enforcing ethical behavior.

Thank you for your consideration, Tim Clifton