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Letter of Comment No: 5403 . File Reference: 1102-100

From: Sent:

Ron Cline [Ron.Cline@xilinx.com] Thursday, June 24, 2004 4:59 PM

To:

Director - FASB

Subject:

Comment on File Reference No. 1102-100

To the Board:

The ability to use stock options as a method to recruit and retain top technical talent is a key tool for high-tech industry growth. In particular, companies which survive the start-up phase, reach profitability, and 'go public' use these options for continued expansion of the company. But -- and this is a big 'but' -- if expensing of these options has to be accounted for (in an artificial way -- my opinion) in the quarterly reports, then options become too expensive a tool to use for employee incentive.

The company I work for, Xilinx, has a policy of granting stock options to every employee hired into the company. If expensing of stock options is required, this policy is in danger.

The expensing of stock options would create no difference in the real (as opposed to 'reported') operational profit/loss results of my company. But it will result in a significant reduction in the number of stock options granted. Thus there will be gradually less of an employee ownership in the company, more difficulty in the hiring of quality people, and a real potential for a long term decrease in our competitive ability compared to other corporations overseas.

The impact of expensing stock options is not to the financial state of the company, but rather to the value of the company's shares on the open market. However, any stock options granted by the company are fully reflected in the number of shares outstanding, which is clearly and accurately published. So an expensing of options is redundant information from the point of view of people who place a value on the company on Wall Street. There is no 'Enron' issue at all, and my personal feeling is that all this is just a way for the executive branch to look like they're doing something about corporate malfeasance. In my strong opinion, they need to look elsewhere. And let the commercial technology industry expand in this country in the most efficient and fairest way possible.

Regards, Ron Cline

Director of Product Development Xilinx - Albuquerque