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Letter of Comment No: 1779
File Reference: 1102-100

From: Honerlah, Randy [randy.honerlah@intel.com]

Sent: Friday, April 23, 2004 11:57 AM

To: Director - FASB

Subject: File Reference No. 1102-100

To FASB Director,

As an employee of a company which provides the stock option benefit to all employees, I know that it is a valuable recruiting and retainer for employees. I frequently will hold stock options for many years as they are sometimes not "above water" for some lengths of time. I have held most options for the maximum amount of time or until funds are needed for household emergencies. How it is possible to claim an accounting expense at a particular dollar value seems wrong. If there is no value received for many years, how can it be valued at any amount of money at the time it is granted? As you know, the market is like a roller-coaster. Sometimes my options are not worth anything and will not be exercised. Sometimes employees quit the company and lose their previously granted options, so they are never exercised. It seems wrong to have an expense that was never realized by a company.

While other countries realize the value of stock options for employees, it is ironic that the largest industrialized country in the world, the most entrepreneurial country in the world, the largest economy in the world, the preeminent technological country in the world would turn it's back on something which has worked to incentivize employees and helped to make us a leader across the breadth of many companies. Why encourage making this an accounting expense, which may force companies to remove it's use as a motivating tool? It would be the wrong thing to do.

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