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Letter of Comment No: 0173
 File Reference: 1102-100

From: Rob.Hoffman@windriver.com
Sent: Thursday, July 01, 2004 3:31 AM
To: Director - FASB
Cc: ken.klein@windriver.com; scot.morrison@windriver.com
Subject: Comment on Share-Based Payment proposal, no. 1102-100, March 31, 2004 (the "ED")

To the Director,

I oppose the ED for share-based payment expensing in its current form. While I appreciate the effort that has gone into the ED, especially the numerous references to objections raised by respondents and the Board's answers, I'm left with too many issues and questions.

In more detail, I am a manager for Wind River, a medium-sized software company in Alameda, California, with about 1,200 employees. Wind River, like many such companies I believe, grants at-the-money stock options to all employees and also has an Employee Stock Purchase Plan and a 401(k) plan.

I participate in all three to the maximum I can.

Here's why: **I believe in my company and I expect that the increasing value of Wind River stock, especially the stock I obtain through options, will be the bulk of my retirement.**

I fear that the ED as written will cause Wind River to sharply reduce or eliminate the number of stock options granted to me and others, and that there will not be a replacement with equivalent potential gain. This will force me to look elsewhere to fund my retirement, which at the least will distract me from helping drive the success and value of Wind River and its stock.

I considered trying to respond to a number of the issues presented by the Board on pages i - vii of the ED. After spending time reading and re-reading about 40 pages of the ED and Statement 123, I gave up. I have been a principal of C corporation and balanced its books, and know how to read financial statements. But I am not an accounting professional, and my comments should be taken as that of an intensely interested, educated layperson struggling to understand the meaning and likely impact of the ED. I believe I understand the *general* point of the ED. Yet even with my background, I found the *details* of the material to be very tough sledding, and it is the details and their complexities and subtleties that will determine the nation-wide impact of adopting the ED. I do not believe that most company executives, or even the FASB, can understand and predict with reasonable likelihood what that impact will be. And without being able to do so, **the chance for great damage from the ED first to employees, then to their companies, and ultimately to stockholders -- the very constituency with which the Board is most concerned! -- is too high.**

The Board has certainly convinced option-granting U.S. corporations that it means business. Rather than adopting the ED in December over the strong objections of a significant and vital fraction of the business community, please take more time. Not because companies need it to cope with Sarbanes-Oxley and other accounting changes, or to prepare for the Statement, but to work with concerned corporations until the Board arrives at a proposal -- **if possible** -- which carries the day with far less fear and anguish than caused by the current ED.

Thank you for your consideration,

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