



10390 Pacific Center Court, San Diego, CA 92121-4340  
858-646-1100, FAX: 858-646-1150  
www.vical.com

September 9, 2005

Letter of Comment No: *16*  
File Reference: FSP123RBU  
Date Received:

Lawrence Smith  
Director of Technical Application and Implementation Activities and EITF Chair  
FASB  
401 Merritt 7  
PO Box 5116  
Norwalk, CT 06856-5116

Re: Grant Date for Share-Based Payment Awards Under SFAS 123(R)

Dear Mr. Smith,

I am writing in support of a letter to you dated August 30, 2005 from Ms. Barbara A. Baksa, CEP, Executive Director of the National Association of Stock Plan Professionals ("NASPP") regarding the FASB staff's position on the grant date of a share-based payment award under SFAS 123(R). After discussions with senior executives at several San Diego-based biotechnology firms, as well as many of my peers and fellow NASPP members across the country, I wholeheartedly agree with the many concerns expressed in Ms. Baksa's letter.

I have been a Stock Plan professional for approximately 13 years, and would like to make the following points:

1. I have never experienced a circumstance where a board has rescinded a grant after approving it.
2. Each company I have worked for has considered itself obligated to issue grants as of the date they are approved.
3. No employee has ever had the ability to negotiate the terms of their grants *after* the grants have been approved by the board.
4. Employees are required to electronically accept their grants through their stock option account appended to a brokerage account. They are not allowed to exercise their grants until they have been accepted; however, with a one-year cliff on initial vesting, there is often a delay in the actual acceptance of a grant. During the annual option grant process, managers are responsible for informing their subordinates about their option grants. Managers with a large reporting staff may sometimes not advise all employees on the same date. There would be obvious issues if one group of employees received communication regarding their grants on Date X, and so had a exercise price of Y, and another group of employees received communication regarding their grants on Date Z and their exercise price was Y+\$1 due to stock volatility.

I understand that FASB will be conferring on whether to provide practical guidance related to the communication issue at its September 14, 2005 meeting. It is my sincere hope that this letter and many others like it will be of value in assisting the FASB in its considerations.

Sincerely,

Lynne M. Goldacker  
Stock Plan Administrator