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From: Melanson, Bob G [bob.g.melanson@intel.com]
Sent: Thursday April 29, 2004 2:37 PM

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To: Director - FASB

Subject: File Reference No. 1102-100



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FASB Directors,

I am expressing my concerns associated with guidelines that you are considering associated with the expensing of stock options. While I am aware of the concerns associated with accurate reporting and disclosure to the shareholders and the concerns that have become all too frequent associated with dishonesty and low ethical behavior by several companies executives, I don't feel that expensing stock options is an effective solution to either of these issues.

Letter of Comment No: 2116 File Reference: 1102-100

I am an 11 year employee of Intel Corporation. As you are well aware, Intel, like many other high tech companies, uses stock options very widely as part of their overall compensation package. This has a great deal of value in attracting and maintaining high performing individuals within this industry. Regulations that would dissuade the use of stock options isn't going to impact the senior levels of many companies. Stock option programs are essential and integrated into executive programs and expensing regulations on these programs alone aren't significant chough to impact "reported" bottom lines. However, regulation such as what is being bantered around, will impact large programs like Intel's and the working levels will lose this benefit.

In all the reading that I have done, I have yet to see an objective and accurate proposal on how to properly expense stock option. The most reasonable options seem to involve forecasting future price, (a questionable practice at best, gambling at worst) and constant reevaluation (an activity that only keeps accountants employed without bringing any real value to society). Too many uncertainties exist associated with valuation. There is also great uncertainty with whether granted options will ever be exercised. How do you predict what percentage of employees will be with a company three plus years after receiving options in order to be eligible to exercise these options.

The purpose of accounting is to accurately track, report, and disclose, financial decisions and results. It is not to wager on future results. We leave that to the stock brokers.

I urge you to not include stock option expensing in your rules.

Thank you, Bob Melanson