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Letter of Comment No: 2110
File Reference: 1102-100

From: Townsend, Debra [debra.townsend@intel.com]

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To: Director - FASB

Subject: File Reference No. 1102-100

I wanted to take this opportunity to voice my concern regarding the proposal to treat employee stock options as accounting expense. My concern is that this treatment will significantly hurt American employees and companies without correcting the issue it was designed to address.

As I understand it, the purpose of this amendment is to require employee stock grants be accounted for using a fair-value-based method to better reflect company assets/expenses. However, by treating employee stock options as an accounting expense, it disregards three fundamental issues which prevent assessment of a "fair value". First, employee options are not freely tradable and therefore have no market value. Second, employee stock options are subject to lengthy vesting periods. If the employee changes jobs before the options vest, they are forfeited. Finally, employee stock options will be exercised only if the stock price rises above the strike price which can not be predicted. I believe the last few years are testimony to that.

Other countries, such as the People's Republic of China, are encouraging the wider use of stock options, while in the U.S. the FASB wishes to make option grants to employees much more difficult and expensive. This FASB proposal will harm the ability of Americans to innovate and drive our nation towards second tier status. In its latest five-year economic plan, the Chinese government explicitly calls for broader use of stock options to attract and retain key talent in China.

Thank you,

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