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Letter of Comment No: 1776 File Reference: 1102-100

From:

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Sent:

Friday, April 23, 2004 11:52 AM

To:

Director - FASB

Subject: File Reference No. 1102-100

Dear FASB Director and Members,

I am concerned about the government's direction regarding expensing of stock options. Changing the generally accepting accounting practices hurts the little guy, people like me, and it doesn't fix what's wrong with big business. First of all, employee options are not freely tradable. How do you put a price on something if it's not for sale? You can't. There is no accurate way to value these options without an open market.

Second, employee stock options like mine and those of my colleagues, are subject to vesting periods up to five years. If I change jobs before my options vest, I forfeit all unvested options and those that may remain underwater. Employee stock options are exercised only if the stock price rises above the strike price, and no one can predict with any certainty what a stock price will be over a given length of time.

Third, expensing stock options hurts the domestic economy by making American corporations less competitive. In its latest five-year economic plan, the Chinese government specifically calls for broader use of stock options to attract and retain key talent in China. Isn't it ironic that a communist country is encouraging the wider use of stock options while in the U.S., the FASB wishes to make stock option grants to employees prohibitively expensive?

Finally, this FASB proposal hurts American workers while not affecting corporate business practices among American corporations. As I recall, it was the wave of corporate greed and corruption (Enron, Tyco, WorldCom, Martha Stewart) that spurred the FASB to action. Please act responsibly. Stop the movement to expense stock options in the U. S.! To do so will create more problems for American workers, and it doesn't solve the problem you are supposed to be working on.

Mike Lince