Letter of Comment No: 5
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Stacey Sutay

From: Whitney, Edward [edward.whitney@intel.com]

Sent: Wednesday, March 31, 2004 3:32 PM

To: Stacey Sutay

Subject: Letter of opposition to FASB stock option expensing mandate

I am sending this letter to register my vigorous opposition to the FASB proposal to mandate stock option expensing. As an engineer in the High Tech industry I have first hand knowledge of the importance stock options play in driving innovation at both large and small companies. Stock option expensing will surely drive much of the Tech start-ups offshore. Stock option expensing will also have a severe impact on technological innovation at large and small companies.

Add to that the damage done to financial statements due to the pure inability to estimate the cost of options regardless of what model is used. You may as well spin the roulette wheel to determine stock option costs. How can adding a purely inaccurate number into a financial spreadsheet calculation ever be considered by serious accountants as an improvement? Especially when we are talking about an inaccuracy that could be +/- 50% or more! Look at my case in point, my options have gone from even money to +300% to -50% to now about +20% and over the course of that time I never exercised any of them! How could anybody tell me there is a sane way to model the cost of those options?

I strongly urge you to reconsider your thinking on this issue.

Sincerely,

Ed Whitney

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Intel Americas 125 Nagog Park Acton, MA 01720

Office: 978-266-3902 Fax: 978-266-3888