

Len Tatore**Letter of Comment No: 1696**
File Reference: 1102-100**From:** Loose, Jeffery A [jeffery.a.loose@intel.com]**Sent:** Thursday, April 22, 2004 7:17 PM**To:** Director - FASB**Subject:** File Reference No. 1102-100

FASB:

I am very concerned by the direction that FASB is taking with regards to stock options. FASB's proposed actions are direct attack on broad based options and my employer's option plan in particular. Intel is one of the few companies in the USA that offers stock options to ALL employees, so everyone at Intel benefits from options, not just the execs.

This proposed action by FASB does not make sense. How do you value something that has no market? How do you put a price on something if it's not for sale? The answer is that you cannot. There is no accurate way to value these options without an open market. In a profession that values the ability to quantify everything, you are dealing with an unquantifiable entity.

As I am sure you are aware, employee stock options are subject to lengthy vesting periods—typically four or five years. If the employee changes jobs before the options vest, they are forfeited.

This FASB exposure draft is sure to be greeted with relish by our competitors in Asia and beyond. Entrepreneurs in China, Singapore and India will not just continue to focus on software development or other low-tech industries. They will create global economic powerhouses there which will be listed on those stock markets. 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.

It is ironic that a communist country, the People's Republic of China, is 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.

Thanks,

Jeff Loose

MMBP - PMO - WS/S

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