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**From:** Neidengard, Mark L [mark.l.neidengard@intel.com]  
**Sent:** Monday, April 26, 2004 7:26 PM  
**To:** Director - FASB  
**Subject:** File Reference No. 1102-100

**Letter of Comment No: 1816**  
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I am writing out of grave concern for the impending plan to force companies to expense employee stock options. These options, which cannot be freely traded in a market and by definition have no "sale price", are inherently impossible to value in the same manner as the rest of a corporate balance sheet.

Any modeling assumptions which might seek to overcome the lack of market will be invalidated the moment an employee switches jobs, forfeiting any options whose lengthy vesting period has not yet elapsed. This will confound corporate financial stability with the irrelevant actions of individual workers, heightening uncertainty when the very volatility that might prompt changing jobs is most crucial.

Please recall that stock options can only obtain exercise value through increase in the price of the stock itself. Whether or not one believes in option modeling theory, it is a \*practical\* point of history that the collective might of the financial industry cannot predict specific stock prices in the future. Forcing a company to value stock options forces that company to modify its financial reporting by the answer to a problem we know is unsolved, if not unsolvable.

It is hard to comprehend how such action is in the best interest of sound financial policy.

Worth remembering also is the constant competitive threat from companies based overseas - companies in places like China, where stock options are being eagerly advocated by the government as a way to attract and retain talent. America dare not hamstring its industries in this increasingly difficult environment, dare not hasten the departure of the intellectual capital which has historically been our greatest competitive advantage.

As a non-manager in a hyper-competitive industry, who reaps benefits from employee options and from the talent and tenure of my coworkers, I urge you in the strongest terms not to force my company and my industry into option expensing. Our continued vitality and sound governance depend on it.

Thank you for your consideration.

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/i\|ark /i\|eidengard  
Special Circuits, LTD North, Intel  
RA2-4-J9

work 971-214-7650  
cel 503-504-9128  
mailstop RA2-455