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Letter of Comment No:1797
File Reference: 1102-100

From: Dayoob, Edward W [edward.w.dayoob@intel.com]
Sent: Friday, April 23, 2004 8:54 AM
To: Director - FASB
Cc: Dayoob, Edward W
Subject: File Reference No. 1102-100

Dear Director:

I do not support treating employee stock options as an accounting expense. My company's option program is compensation program which has helped preserve my employment through the 2001-2003 downturn. The FASB have a chilling effect on my company's ability to continue to providing this type of program.

**I also agree with the reasoning listed below.
Thank you for your attention.
-Ed**

By treating employee stock options as an accounting expense, it disregards three fundamental issues. First, stock options are not freely tradable. How do you value something that has no market? How do you put a price on something if it's something that you cannot. There is no accurate way to value these options without an open market.

Second, employee stock options are subject to lengthy vesting periods—typically four or five years. If the options vest, they are forfeited.

Finally, employee stock options will be exercised only if the stock price rises above the strike price. How do you value stock prices with any degree of certainty? There are entire industries dedicated to such a practice, yet no one is able to predict with any certainty what a stock price will be over a given length of time.

This FASB exposure draft is sure to be greeted with relish by our competitors in Asia and beyond. Entrepreneurs in India will not just continue to focus on software development or other low-tech industries. They will create companies there which will be listed on those stock markets. In its latest five-year economic plan, the Chinese government will encourage the 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. FASB wishes to make option grants to employees much more difficult and expensive. This FASB proposal will prevent Americans from innovating and drive our nation towards second tier status.