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Letter of Comment No: 4911

File Reference: 1102-100

From: David_Pepin@amat.com
Sent: Friday, June 18, 2004 6:07 PM
To: Director - FASB
Subject: File Reference 1102-100: Accounting for Stock Options

I am writing to express my opposition to changing the accounting treatment for stock options and Employee Stock Purchase Plans (ESPPs).

I am writing to you so I can share how stock options have improved my life over that past 8.5 yrs. I think it is important that you take the time to read this and all the other emails which you receive on this matter. Before you implement this new proposed change, I suggest that you take a look at the number of middle class people that are now in the stock market because of these stock options and stock purchase plan. Up until the early nineties, most people did not get involved in the stock market, only people with lots of money were able to invest in the stock market. Stock options have opened the doors to individuals who never had the opportunity to get into the stock market. Are you willing to shut the door on these people? By instituting this change, you are in effect shutting the door on the middle and lower end class people. This will definitely help out the people who are wealthy and will help to reduce the number of middle class families. I hope this is not your intention.

As an employee of a global company, we need to attract and hire the best possible people so we can stay competitive an industry which changes sometimes daily. If we do not have away to attract intelligent and extraordinary people, other companies inside or outside of the United States will hire them and we will not be able to compete. As you are well aware, people are the life blood of any company, organization or department. Without people, companies can not buy or sell goods, which in-turn means people do not invest their money into the stock market. As you are well aware, our competition in Asia offers stock options to get the most talented people, with this change in the stock options and Stock

Purchase Plan we will not get the best people. In my case the stock options and employee stock purchase plan have not only helped my immediate family, but my extended family also. I have used these options and ESPPs to pay down debt and reduce the principal on my home. To me and my family, this has meant a lot to us, because our home is one of the most important things in our lives, beside family and friends. In the past year we had a family member that lost their job and they were unable to have the braces removed from my nieces mouth, they could not afford to buy gifts for their kids at Christmas and they were struggling to pay their rent. We were able to cash in enough of my ESPP to help them through this rough time. If I would not have had this option available to me, I would not have been able

to help my family out. As you think about instituting the new rule, think about how this change will effect your family members who work for companies that have stock options and ESPP's and how this will effect their life. Also think about how you will effect the overall stock market and the economy. As you move forward with your approach on this subject, think about the people who will lose their jobs because it will create financial uncertainty on their consolidated statement of operations. I have a hard time believing that FASB wants to institute a plan like this when the economy is just starting to pick-up. I would like to better understand the reasoning and necessity for this change in policy. I would appreciate a response on why this change is necessary and what your plans are if you cause people to get laid-off, eliminate the middle class from the stock market and create financial instability in the overall economy.

Thank you for taking the time to read this message and I look forward to your reply with the reason this action is necessary and what your plans are when you cause lay-offs, eliminate the middle class from the stock market and create instability in the economy.

Sincerely,

David Pepin