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Letter of Comment No: 4726
File Reference: 1102-100

From: Mark_Arzola@amat.com
Sent: Tuesday, June 22, 2004 2:59 PM
To: Director - FASB
Subject: File Reference 1102-100: Accounting for Stock Options and ESPPs

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

Hi, I'm just going to make this very short (have lots of issues (AMAT) to address.

I do not agree with the effort to expense company stock options. Even if accounting provides extensive efforts to obtain an accurate expense value on the amount stock options "cost" the company as compensation, their best efforts will REMAIN as a "Guess-estimate". All that will be "gained" from this is that stock holders (as well as the general public) will have an estimate on the total expenditures of the particular company (with an estimated percentage of accuracy assigned to the total expense). On the other hand, what employees will loose is the ability to "improve" their quality of life not only for the employee, but thier families as well. The current American population way of life is directly correlated to the net income from salary wages alone. In other words, the expense to revenue income for an average American family is very close to 1.0. Therefore the ability for a family to save up money strictly based on thier salary compensation is very low, which "forces" the public to rely on "outside income" to purchase big ticket items. For example, I have used my stock options to payoff my college loans. I plan to use my ESPP to purchase my new vehicle, so that I will not have a monthly payment that would increase my debt to income ratio. For the remainder of my stock options, I plan to use that to place a downpayment on my 1st home purchase, so that I will not be forced to purchase mortgage protection insurance, which in my opinion, would be "wasted" money. Expensing stock options will dramatically "decrease" the way of life for employees. Furthermore, since a firm dollar amount can not be placed on the estimated future (excersizable) value of stock options, companies will not be able to "accurately" adjust employees yearly salaries. My opinion is that this effort should not go through unless the intention of the FASB is to reduce the quality of life of the professional working public.

6/23/2004