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From: Kathleen\_Speake@amat.com

**Sent:** Friday, June 18, 2004 9:49 AM

To: Director - FASB

Subject: File Reference 1102-100: Accounting for Stock Options and ESPPs

Letter of Comment No: 4689

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

There is no way to be able to know what the value of stock options will be, especially because you can't trade or transfer them and there are such different vesting schedules. Putting an inaccurate value on the statement doesn't help anyone better understand it. That would be "guessing" which doesn't sound very clear or accurate to me at all. Stock options are not compensation, at least not while they are "options". Stockholders do have control of stock options because they have to approve of them before they are issued to employees, and they know that exchanging these options for the fruits of employees who will do what it takes and feel rewarded, will come back as more than what was given. The FASB's idea for companies to show an imaginary charge against earnings, instead of a true expense, doesn't sound logical. Accounting should be an exact science, not guesswork and imagination. Also, there are already accounting rules which work. Companies must already figure out how much the actual stock options that are worth anything are affecting stockholder interests, and this shows up in the Earnings Per Share amount. Unless the stock prices goes up and the option is vested, they have no real value and so there is no cost to the stockholder.