

From: Sarah_Bogardus@amat.com
Sent: Friday, June 18, 2004 10:26 AM
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).

Stock options have had a significant impact on my life. My father spent his entire career working in pharmaceutical research. His company rewarded his efforts and progress through stock options. Because of his work, the world now has two new liposomal drugs used to treat leukemia and HIV patients. My father used the proceeds of these stock options to send me to college. In turn, I now work for a technology company that offers stock options as part of its compensation package. In today's economy, it is the overall package that lures top employees to technology companies and it is benefits like stock options that enable companies to retain top employees.

The ability for high tech companies to hire and retain top employees is vital to the US's position as a world leader. The technological advances that were dreamed up and brought to reality by US employees have enabled the US to maintain a competitive position both economically and militarily. I am proud that the US possesses some of the best military technology in the world. My husband recently spent a year in Iraq serving the US Army. I was comforted knowing that he had access to the best technology available. I cannot imagine what kind of torture it would have been to have my husband in a war zone where the US Army was technologically outmatched.

I do not want to see the US's position as a world leader decline simply because accounting practices dictate that companies must guess the future value of its stock. There is truly no way to predict the future value of employee stock options. They are not transferable or tradable and have different vesting schedules. It is quite possible for options to expire without being exercised because they are of negative value. Therefore, it does not seem like an accurate or effective policy to require companies to take a hypothetical charge against earnings for stock options. I strongly recommend that FASB rethink its proposal and keep the current accounting rules for recording stock options.

Thank you.

Sarah Bogardus