

**From:** Lester\_D'cruz@amat.com  
**Sent:** Thursday, June 17, 2004 3:51 PM  
**To:** Director - FASB  
**Subject:** File Reference 1102-100: Accounting for Stock Options and ...



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Dear Sir/Madam

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

On a personal level, I oppose this initiative because these incentives have been instrumental in employee's like myself going home everyday with the feeling that we own a part of the company that we help build with our hard work and sacrifices. It truly helps me and my family believe that it is all worth it especially since the cost associated with future life events both planned and unplanned can dampen the morale of even the most optimistic among us. For instance, my 2-year old's education plans and the life insurance premiums of his parents (my wife and I) will be possible primarily from funds generated by yearly redemption of my stock options in a planned way. Unforeseen health expenses and emergencies will also have to be handled with proceeds from this incentive since a single salaried household cannot otherwise deal with these uncertainties after housing and living expenses are defrayed. As you can see, these incentives will not be making us incredibly wealthy - instead they are part of a safety net that helps the basic quality of our life.

On a technical note, my primary objection is based on the fact that already companies must compute how much dilution of the stockholders' interests is caused by "in the money" employee stock options, and this is factored into all companies' earnings per share (EPS) calculation. Unless the stock price increases and the option vests, it has no "cost" to stockholders because the option is worthless.

Furthermore, as an active investor in other companies the stock market, I support the view that it is impossible to predict the future value of employee stock options, particularly since they are not tradable or transferable and have varied vesting schedules. Adding a "guesstimate" to our Consolidated Statement of Operations (P&L) will not improve clarity or accuracy for our investors. These numbers properly belong in their current location ? in the footnotes.

I hope you will take this heartfelt input into consideration as you evaluate the merit of this initiative.

Sincerely,

Lester A. D'Cruz  
San Jose, CA