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Letter of Comment No: 4459  
File Reference: 1102-100

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**From:** Robert\_Dean@amat.com  
**Sent:** Thursday, June 17, 2004 4:29 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).

***Two birds in a bush may be good to look at but they are not worth anything.***

***There is many a slip between the cup and the lip.***

***Don't count your chickens before they are hatched.***

These are a few sayings or parables I picked up along the way in my life. They all make the point: Your proposal to expense employee stock options and ESPP programs before they mature is outrageous and wrong. Its counting chickens before they are hatched to fix a political problem that should only apply to overcompensated (underperforming) CEO's. There is no way to predict what the value may be and in doing so the result is likely to be the end of programs that work. For example. As a rank and file employee of Applied materials I have stock options which were granted over several years. At the time most were granted, they were worth tens or even hundreds of thousands of dollars. All but a few of them are underwater now and essentially worthless. They still have value to me because there is time before they expire and as such have given me incentive to stay with Applied Materials, but if they had been expensed when they were granted it is highly probable that that expensing would have been wrong and highly exaggerated. But they in fact did keep me at Applied and I still value them and I will be outraged if you adopt the proposed rule.

6/18/2004