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From: Joel_Mabry@amat.com

Sent: Thursday, June 17, 2004 5:25 PM

To: Director - FASB

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

Letter of Comment No: 4526 File Reference: 1102-100

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

I feel you are blindly rushing into this trying to quell some perceived public outcry that doesn't exist. You seem to gloss over the fact the Black Scholes doesn't accurately forecast the stock option value cost and yet you are trying to rush in an untested binomial model. I can't understand why you want to implement a requirement that results in a very poor estimate of value. Furthermore this requirement will impart confusion into the financial statements due to inaccuracy. Why diminish the credibility of GAAP based on an imaginary problem?

I'm worried that companies' only reaction to this uproar will be to cancel their stock options programs. I hope this is not the result that you intend to see happen. I have seen firsthand the benefits and motivation that Employee Stock Options provide employees. It gives them a vested interest in the success of the company and I can't think of a better incentive program available.

Implementing this accounting change would provide no real benefit for anyone. It will only cut a company's bottom line based on imagined and poorly estimated charges. I urge you to reconsider your plans.

R/ Joel

Furthermore Employee Stock Options do not meet the requirements set forth to use the Black Scholes expensing method. Forcing ESOs into this model will only result in an arbitrary valuation. You might as well get out the dartboard: you'll have the same forecasting accuracy. By forcing companies to utilize