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From: Jack_Herris@amat.com
Sent: Friday, June 25, 2004 12:40 PM
To: Director - FASB
Subject: Stock Option Expensing

Letter of Comment No: 5367
File Reference: 1102-100

Sir,

As one of the many high-tech workers in Silicon Valley who would be very adversely affected by the FASB's recent proposal that companies 'expense' stock options when they are granted, I want to express my strong opposition to this proposal.

Currently stock options are a potential reward for the hard work we do, work that has made the Valley the center of the high tech universe and brought great prosperity. Unfortunately, the Valley has a very high cost of living and often our salaries are just enough to pay the bills; stock options are frequently the way we make enough to make a down payment on a house.

From the perspective of accounting, it makes no sense to me to take a hypothetical charge against earnings when the options are granted rather than the actual charge when options are exercised. How is a theoretical charge more accurate than an actual charge? Given the vagaries of the economy, there is no way to know the actual value of the options when they are granted. Furthermore, there is no way to know whether the options will even be exercised; the grantee may voluntarily leave the company or be laid off before the options are vested. Current accounting standards adequately address the actual costs of stock options.

The purpose of this proposal seems to be to punish workers and executives, especially in the high tech industry. That is short sighted; do we really want to hobble our high tech industry when even Communist China is starting to use stock options?

Sincerely,
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