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From: Gregg\_Walters@amat.com
Sent: Thursday, June 17, 2004 4:45 PM

To: Director - FASB

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

Letter of Comment No: 4472 File Reference: 1102-100

## Dear director:

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

I understand that it is vital that companies provide a complete and accurate statement of earnings/losses to their stockholder and to the government overseers and tax authorities. I see this to be no less important to do so than to properly account to my stockholders (my family) why we don't have enough money to buy a new house or car or to retire. For us, the only money that is real is in my paycheck, or the bank or in my 401K plan because I put it there.

I also understand that there is a cost to the company who issues options if the options are exercised. An option that is not exercised has no value. I cannot pay the rent with some options the company may have awarded to me because the option has no value. However, the will be an expense to the company that occurs when the option is exercised, and this must be reported to the shareholders, just as I must report it to the IRS.

I cannot understand why you believe that the shareholders (which by the way includes me) might feel that someone's guess of what an option might be worth would be more important than the actual expense incurred when the option is exercised. I have no idea of what that option is worth, and as I said before, its value to me is zero.

You already know that I will no longer be awarded options if this company is forced to guestimate that the company is losing money because of the possible value of the options at a later date. The share price will fall, the options will be worthless, but the company will be forced to guess that the stock will rise and reporting low profit. I had planned that this would be the primary source of my retirement funds since I cannot save enough in my 401K for my wife and I to live on unless we die shortly after retirement.

Thanks for considering my opinion,

Gregg Walters Electrical Engineer, Applied Materials, Inc.