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Letter of Comment No: 4703
File Reference: 1102-100

From: Jim_Isaacson@amat.com

Sent: Friday, June 18, 2004 3:47 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). I accept the views on why stock options and ESPPs should NOT be expensed. The list of views aginst exspensing is well known and, I believe, should prevent any changes. My particular concern is:
(1) US based companies will be competitively disadvantaged in the global arena if companies outside the US are still able to not expense.
(2) my own retirement will be impacted.

The second point is the local (to me) level concern. Employment (compensation) in stock companies is volitile. There are no pensions and longevity with a company is not the same as in the educational or governmental arenas. A person retiring from the educational or governmental arena has pension of 70-80% of pre-retirement pay and some/good medical benefits. I need to build the retirement fund to cover the same and the 401(k) + stock options + ESPP are what builds that retirement fund. Most people in industry will agree that all three are needed to be able to retire at the same level that people in education or government will retire. Without stock options and ESPPs the educational or governmental arenas are more attractive when considering retirement.

Note that as companies outside the US gain an advantage due to stock options and ESPPs employment in the US will become even more volitile and benefits will become more restricted. Hence, the first concern transforms to the second concern.

Sincerely,

Jim Isaacson