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From: Ali\_Shapourian@amat.com

**Sent:** Thursday, June 17, 2004 8:06 PM

To: Director - FASB

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

Letter of Comment No: 4538 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 appreciate the need to increase accuracy and transparency in business accounting practices but it is not clear to me that the proposal on the table necessarily improves the situation. It is *impossible* to predict the future value of employee stock options, particularly since they are not tradable or transferable and have varied vesting schedules. Adding a "guesstimate" to our Consolidated Statement of Operations (P&L) will not improve clarity or accuracy for our investors. These numbers properly belong in their current location — in the footnotes. Per FASB's proposal, companies will be required to take a hypothetical charge against earnings, instead of recording a *real expense* that has occurred and can be accurately measured. The current accounting rules already work because companies must compute how much dilution of the stockholders' interests is caused by "in the money" employee stock options, and this is factored into all companies' EPS calculation. Unless the stock price increases and the option vests, it has no "cost" to stockholders because the option is worthless.

These employee incentives have effectively tied employee performance to shareholder return in a way that no other incentive can match.

Regards

Ali Shapourian