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From: Sent: Terry\_R\_McKelvain@amat.com Thursday, June 17, 2004 4:41 PM

To:

Director - FASB

Subject:

File Reference 1102-100: Accounting for Stock Options ar

Letter of Comment No: 4448

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Dear Director

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

I would like to relate to you my story of how stock options have changed the life of my family. Upon graduating from college I had incurred several student loans totaling greater than \$15,000. My wife and set in place a budget that would allow for us to make our payments on the student loans and still continue to carry on with other activities in our life together. In short we were budgeting to pay our way and pay our debts. My stock options now represent a future windfall (if value holds) to pay off those debts at a much quicker pace. This event will not relieve our current responsibility of making our monthly payments but does represent a time when we can move our money into other areas of our lives. This includes college savings for our children, investments and a new car for my wife. Each item will be budgeted and paid for with our monthly salary.

Popular political belief would state that we are using the stock options to live beyond our means and would risk exposure to a stock price drop that might make our stock options worthless. In our case we have a family budget and can achieve all of our goals while on this budget. We are not planning in the stock options but know they are out there and that they can accelerate our debt pay-off schedules and allow us to move monthly income into other areas of our lives.

My personnel belief is that the third party financial inspections have failed us in cases like Enron. It sounds like there were definite legal issues in the way that the executives at Enron handled the company but my disappointment is in Authur Andersen. We the shareholders rely upon the 3rd party inspectors to accurately value companies. Enron would not have been the mega million company as advertised if Authur Andersen had did its job in reporting the business condition of the company. The bottom line is that if the company had been reported as \$10 company instead of \$100 million company then this scenario would not have happened. If a company wants to run their business in a way that is not profitable and poorly operated then that becomes their business. I will not buy the stock because I know they are poorly run and can see their financial results and know they have no value. By telling the market that Enron was a great company worth millions Authur Andersen bamboozled the country.

Thanks for your time.

Terry McKelvain