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Letter of Comment No: 4524
File Reference: 1102-100

**From:** Martin_Gothberg@amat.com
**Sent:** Thursday, June 17, 2004 5:52 PM
**To:** Director - FASB
**Subject:** File Reference 1102-100: Accounting for Stock Options and ESPPs

FASB Director:

I am writing to express my opposition to changing the accounting treatment for stock options and Employee Stock Purchase Plans (ESPPs). I urge you not to force any changes that would limit my company's willingness to award stock options for whatever reason. I am sure you have already heard the 'global competitiveness' reasons and already understand the issue of taking . hypothetical charges to earnings v. a real expense that can be measured. I won't bore you with that but rather please let me share with you a real world example of how I have benefitted from NQO I was awarded in 1997.

First of all, I am not an executive. I am in the Environmental Health & Safety field as a Member of Technical Staff. I perform the most supportive of roles here by allowing some amazing scientists to innovate in ways I can only dream of but I allow them to do so safely and without harm to themselves or the community. I am proud of what I do but I am not one of those individuals who is 'showered' with options. When I do get them I treat them like long-term savings for such things as upgrading a 50 year old kitchen in a house with a Silicon Valley price tag that I could barely afford when I bought it. I could have been smarter by exercising them immediately upon vesting back in 2001 when they were worth five times as much as they were when I exercised them but holding on was a risk I was willing to take.

I have three children that are approaching college age within a few years and I am hoping the stock price will recover to a point that will allow me to use my next batch of NQO to help cover the cost of higher education. My wife and I are good savers but there is no way we could hope to put three kids through school without huge loans, hopefully reduced by these NQO, (which are currently 'under water' - so what charge would you have suggested my company take when these now worthless NQO were awarded to me a couple of years ago? The current accounting rules 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' earnings per share (EPS) calculation. Unless the stock price increases and the option vests, it has no "cost" to stockholders because the option is worthless).

I hope all of this makes sense to you. I know you have your arguments and that many people see those of us who receive NQO as 'whiners' worried about where their next BMW will come from. I assure you that is not the case with my family and I fear that any change in accounting practices with respect to options will reduce the amount my company distributes to innovators, let alone 'regular' employees. I truly believe that options to all result in a globally competitive company with benefits to the US economy as a whole. Try not to mess with what has worked well, please.

Sincerely,

Martin J. Gothberg