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From: Greg_Swyt@amat.com
Sent: Wednesday, June 30, 2004 11:21 AM
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).

As an employee of a hi-tech company who has received stock options for the past six years, I cannot emphasize the importance this benefit has played in my life. In 2001, I was promoted to the level of director (first level executive). With this promotion came a nice raise and additional stock options. It was during this same period that our industry was experiencing the worst downturn ever experienced. As a result, the company began reducing its workforce, requiring existing employees to take time off without pay, and for the executives take a 10% reduction in pay. As a result of these activities, I personally was impacted through a lower base compensation of almost \$30,000 as well as no bonus. As the downturn continued, the company continued to control costs through deferring of planned merit increases. Needless to say, as a result of these cost cutting / cost controlling efforts, I had to rely on my stock options to cushion the financial impact during these years. Without the benefit of stock options, I would have had to sell my home, move to a less expensive area, remove my children from their Catholic school and have my wife go back to work to help support the family.

I have not used stock options to fund the purchase of an expensive car or a second home or a nice family vacation. I have used stock options to pay for the most important things in my life - our home and my children's education.

To summarize:
Without stock options and the benefits the average working person derives from them, workers will be less inclined to put forth the extra effort to advance their respective companies products and technologies.

Requiring companies to expense stock options will create an adverse impact on the average employee. In order to minimize the impact on the companies profit margin, less options will be given to the average employee. Taking away one piece of the employees long term compensation package. If this occurs, companies will once again begin experiencing a very mobile workforce. Stock options are a tool to reward employees for their contributions to a company over a long period of time. Taking away this long term benefit will eliminate their desire to stay with a company for the long term. This will create more pressure on companies to create other ways to retain employees. It will also create incremental costs as a result of higher turnover.

If expensing of stock options is a forgone conclusion, I would recommend the expensing of the highly compensated employees. This is the pool of people that have created the problem. They are the ones who have made significant to ridiculous gains on stock options. Require companies to expense these options. I would also address it from the individual side as well. Work with the IRS to create a tax rule for these highly compensated employees. The rule could address the gain associated with the significant gains associated from exercising stock options.

It is unlikely that any change will come from these email campaigns. Be aware that the longer term impact to the rank and file employees will be greater and more dramatic compared to the highly compensated employees. These highly compensated employees will find other avenues for their compensation packages while the rank and file employees will watch in disbelief.