

ikon

From: Kirit_Patel@amat.com
Sent: Thursday, June 17, 2004 5:54 PM
To: Director - FASB
Subject: File Reference 1102-100: Accounting for Stock Options and ESPPs

Letter of Comment No: 4522
File Reference: 1102-100

Dear Director,

I am writing to express my opposition to changing the accounting treatment for stock options and Employee Stock Purchase Plans (ESPPs). My feelings about the expense program are to NOT implement it. I don't feel that it will sent the right message to the investing community about the profitability of the company. It will also further hurt the economy in general becuase investors will be even more cautious about investment in the stock market. Our goal as a country is to provide avenues for Americans to invest in the market but this will go in the oposite direction. Here are some issue I see potentially taking place:

1. The true profit for the company will not be reported. Since options that are not vested will be considered an expense, while they are not.
2. Hurt the investors who are willing to invest in the company. In some cases unvested options can place a company in the negative for net income. Since the expense is too high due to unvested options.
3. Hurt the US economy where investors will be even more cautious to invest in any company.
4. Companies who used to offer options will no longer continue with the practice which will hurt the existing employees who are very motivated to go over and beyond the call of duty.
5. Companies will not be able to retain employees.

Regards,
Kirit Patel
408-946-4076