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From: Marta Olds@amat.com

Sent: Wednesday, June 23, 2004 8:46 PM

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).

Letter of Comment No: 4740

File Reference: 1102-100

Company stocks acquired as options by both my husband and me through our employers have been invaluable to us. In 1997, at 40 years old, my husband had a very severe stroke which has left him permanently disabled and unable to work due to language deficiencies. Fortunately, he had a long term disability insurance policy which has enabled us to continue to make mortgage payments on our home. Longer term, my worries about our retirement are significantly reduced thanks to stock options that my husband had and still has with Johnson & Johnson. They were granted to him in recognition of his contributions as a Director of Quality Assurance. They are not worth millions. They are not indicative of any financial manipulation by the executives of J&J.

Today, stock options and ESPP shares which I have received through my employer have helped to maintain our house in good condition over the years with a new roof, new paint, new decking, etc.. Throughout the Silicon Valley, the economy is boosted through wealth, great and small, created through stock plans. The buying power of us rank and file employees created through stock ownership, has generated demand for the goods a services sold by local merchants. This demand in turn creates jobs. Throughout the country, start-up companies funded by venture capitalists are able to attract employees and incentivize them to make their firms successful -- again, creating jobs and boosting the economy.

The FASB proposal would not fulfill the objective of providing more accurate financial statements as there is no accurate way to value options. To date, no single proposal has been offered. The use of inconsistent methodologies across companies would diminish the ability of an investor to compare financial statements. It would, rather, offer further opportunities for management to manipulate earnings.

The Stock Option Accounting Reform Act proposed by the House Financial Services Committee is a much better alternative to changing the accounting treatment for stock options and ESPPs. This legislation addresses concerns of excessive executive compensation by only requiring companies to report stock options granted to top executives—the principal beneficiaries in the infamous cases of financial results manipulation which have been brought to light in recent years. It would maintain many of the benefits provided by the current stock plan accounting methods: employee incentives to contribute to company performance and stock values, technical innovation, job creation, and economic growth.

I urge you to carefully weigh the benefits envisioned from new accounting treatment for stock options against significant negative impacts which would result: decreased employee innovation and productivity, diminished economic growth and reduced job creation.

Thank you.

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