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From: Brent_Gammon@amat.com
Sent: Friday, June 18, 2004 11:40 AM
To: Director - FASB
Subject: File Reference 1102-100: Accounting for Stock Options and ESPPs

Letter of Comment No: 4679
File Reference: 1102-100

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

I have worked in Silicon Valley for 25 years for high tech companies. Currently I am working for Applied Materials and have been for 15 years. Applied Materials provides stock options to most of its employees as part of their compensation. I am convinced that the enormous success of Applied Materials and its essential contribution and participation in the information age is due to employee motivation. At the core of every successful employee is motivation, enthusiasm, persistence and focus. These essential ingredients, like the air we breathe, can easily be taken for granted, in part, because they are intangible and their presence or absence is difficult to measure except in the ultimate - success and failure. But motivation, enthusiasm, persistence and focus are essential at Applied Materials. Nothing creates these essential ingredients like stock options. Nothing tells employees so convincingly that they are part of the team as stock options. Nothing communicates to employees that the company cares and they are important like stock options. Nothing is more important to Applied Materials, the information age and the US economy, than these essential intangibles and thus stock options.

It would be a grave mistake to do anything that would take stock options away from employees. The difficulty we face is the possibility of trading something that is essential to our long term success and survival but not easily measurable for something that is far less valuable but easily measurable by a profession whose major purpose in life is measuring things that are measurable.

It is then clear that from the accounting profession we are asking for heroic behavior -- disregarding the easier but wrong solution for the difficult but correct solution.

6/18/2004