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Letter of Comment No: 4554
File Reference: 1102-100

From: Jacob_Pena@amat.com
Sent: Thursday, June 17, 2004 7:40 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). Consider that the company, by providing the opportunity for employees to own a part of the company, increases the likelihood of employee productivity remaining very high. Highly productive employees help companies remain competitive in the global market - something of which is important at a time when US manufacturing jobs are rapidly being lost to countries like China and Taiwan. Removing the ESPP and stock option tools from company toolboxes equates to the company taking a knife to a gunfight. De-clawing US companies in this way does not make sense.

I am thankful that Applied Materials has granted me stock options and also provided me the opportunity to purchase stock. My family has benefitted from the stock options by selling them as they vest and applying the money towards important purchases like our home. These types of purchases help the US economy and provide me with an extra incentive to be effective at my job. The stock purchase plan plays a critical role in the planning our personal finances since we depend on the plan to serve as a secondary, rolling savings account. We would be at a financial disadvantage if this financial tool was taken away by new accounting treatments for ESPPs.

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