

ikon

Letter of Comment No: 446 6
File Reference: 1102-100

From: Shannon_McGinley@amat.com
Sent: Thursday, June 17, 2004 4:24 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).

My Applied Materials Stock options have had a tremendous impact on my family's financial stability. Two years ago, by selling off a large portion of my options, I was able to get my family out of debt. We now own our cars, have no credit card bills and paid off college loans - from the 80's. This lowered our monthly bills by a significant amount - just in time for the recession - which put my husband out of work. We were able to get by on one paycheck and two kids in daycare. If I didn't pay off my bills, then we would have probably had to file bankruptcy and move in with my parents.

I'm telling you this because I'm strongly against changing the accounting treatment of stock options and ESPPs. Many of my current stock options are either at the current market rate or higher (under water). It is impossible to predict the future value of stock options, particularly since they are not tradable or transferable and have varied vesting schedules. However, it is truly an incentive to make the company better because you want the stock to go up. My hope is for the stock to go up so I can sell and apply to a 30% down payment on a house - in the Bay Area with an avg. selling price of \$500K. Right now, my stock options are the only hope I have for owning a house. Right now, it's a realistic dream. Without the stock options, it's an unobtainable dream.

Please reconsider this.

Regards,

Shannon McGinley
Resident of Sunnyvale, CA
Employee of Applied Materials
Mother of two girls - 1 and 4 years old.
36 years old.

6/18/2004