ikon

From: William_Beaton@amat.com

Sent: Thursday, June 17, 2004 4:25 PM

To: Director - FASB

Subject: File Reference 1102-100: Accounting for Stock Options and ESPPs

To whom it may concern:

I am writing to express my opposition to changing the accounting treatment for stock options and Employee Stock Purchase Plans (ESPPs). Stock options have been an effective way for companies to attract and retain employees while providing employees an additional form of compensation which has been key for many in purchasing homes, paying student loans, etc. If the FASB changes the current accounting method for stock options and ESPPs, many companies will abandon these programs under pressure from stock holders to maximize profits. In addition, due to the fact that it is IMPOSSIBLE to predict the future value of employee stock options, particularly since they are not tradeable or transferable and have varied vesting schedules, this change makes little sense. Asking companies to GUESS the value of these options and add it to the Consolidated Statement of Operations will not improve clarity or accuracy. It will only add yet another subjective accounting entry to already overly subjective accounting principles. These numbers are properly reported in their current location — in the footnotes.

Letter of Comment No: 4463 File Reference: 1102-100

This accounting change will make it very expensive for companies that offer broad-based employee stock plans. To the point that they will cease to offer this compensation to their employees. The employees, in the end, will be the ones that suffer.

Please do not make this accounting change.

Warm Regards,
William Beaton
Engineering Project Manager
Applied Materials