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Letter of Comment No: 4727

Sent:

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File Reference: 1102-100

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Tuesday, June 22, 2004 3:50 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).

Back in the 1980's when the economy was doing poorly, my company, Etec Systems (later bought by Applied Materials) was faced with a difficult decision. The employees were allowed to vote for either lay-offs or work 40 and get paid for 32. We believed in our product and position in the industry and decided to work five days for four days pay. Raises were out of the question. The company issued stock options, basically based on our future.

The economy turned arround, we went back to full salary and in place of raises we recieved stock options in a company that was yet to go public. When the company *did* go public our options recieved value. I felt as though I earned this value in place of previous sacrifices, which if not made would have affected the viability of our company.

When the economy downturned again in the early '90's we recieved options in place of raises. These options eventually turned into college tuition for my four children. We borrowed almost nothing to educate our children, because we had stock options. My children will have an education with no debt because of the stock options I recieved.

Terry W. Russell