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To: Director - FASB
Subject: Expensing of Stock Options

This proposed accounting change will have a significant negative economic impact on America's work force, as many of the families depend on stock options to pay for their children's education, medical expenses that HMO's and other medical plans do not pick up.

In addition companies who offer stock options have benefited by being more competitive in hiring employees.

Attached is a list of why we should keep the current system in place:

- effectively tie employee performance to shareholder return in a way that no other incentive can match.
- Stock options help companies attract and retain highly-skilled workers.
- In an increasingly competitive world, the United States should not decrease the utility of these incentives while our technological competitors, particularly in China and Taiwan, are increasing their use of stock and stock options.
- It is impossible to predict the future value of employee stock options, particularly since they are not tradable or transferable and have varied vesting schedules. Adding a "guesstimate" to companies Consolidated Statement of Operations (P&L) will not improve clarity or accuracy for investors. These numbers properly belong in their current location — in the footnotes.
- FASB is assuming that employee stock options are employee compensation, over which stockholders have no control. That is not true because in almost all cases the NYSE and NASDAQ require that companies receive the approval of their stockholders before they issue employee stock options. Most stockholders/investors are willing to forgo a piece of their company because they believe that employees will put in the extra effort, which ultimately may increase the value of their investment.
- Per FASB's proposal, companies will be required to take a hypothetical charge against earnings, instead of recording a real expense that has occurred and can be accurately measured.
- The current accounting rules already work because companies must compute how much dilution of the stockholders' interests is caused by "in the money" employee stock options, and this is factored into all companies' earnings per share (EPS) calculation. Unless the stock price increases and the option vests, it has no "cost" to stockholders because the option is worthless.

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