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From: Roderic_D_Spindler@amat.com
Sent: Thursday, June 17, 2004 3:40 PM
To: Director - FASB
Subject: File Reference 1102-100: Accounting for Stock Options and ESPPs

Letter of Comment No: 4620
File Reference: 1102-100

I am writing to express my opposition to changing the accounting treatment for stock options and Employee Stock Purchase Plans (ESPPs).

I enjoy a great deal of security knowing that I have an additional way of saving towards my retirement with the ESPP. Currently, I put 10% of my pay into it, and have accumulated a lot of savings which is great to have with another daughter getting up to college age, and me being near 50 years old.

I have included a cut and paste from the 'party line' of the company. This is a RALLYING CALL for all employees, who are watching which representatives vote which direction when it comes to the VERY few benefits we have left in the tech sector.

My benefits have dwindled over the years, losing program after program, yet the stock programs have stayed and acted as a way to improve my situation in this economy. It is a powerful benefit, allowing me to save towards retirement, college, and financial security when Social Security will disappear before I even get to collect it.

PLEASE allow us the ability to shore up our future with this wonderful benefit that reaches all the way down to my level!

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- These employee incentives have effectively tied employee performance to shareholder return in a way that no other incentive can match.
- Stock options have helped Applied Materials attract and retain the highly-skilled workers necessary in our globally competitive industry.
- As we move forward 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. We believe stock options have contributed to unprecedented levels of innovation.
- 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 our Consolidated Statement of Operations (P&L) will not improve clarity or accuracy for our 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. Stockholders are willing to forgo a piece of their company because they believe that the employees will put in extra effort and go "above and beyond," 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.

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- 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