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Letter of Comment No: 4144
File Reference: 1102-100

From: Santana Criado, Jose [jose.e.santana@medtro
Sent: Tuesday, June 15, 2004 6:17 PM
To: Fiola, Janet
Cc: Director - FASB
Subject: Discount allowed in ESPPs

Importance: High
Sensitivity: Personal

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Dear Ms. Bielstein:

I work for Medtronic, Inc., a company that allows employees to purchase my employer's stock at a discount in an Employee Stock Purchase Plan (ESPP). I understand the Financial Accounting Standards Board (FASB) has proposed a change to accounting standards that would require a company to count this discount as an expense against its earnings (Shared Based Payment exposure draft). I respectfully request that you reconsider this proposal and not require expensing of the discount allowed in ESPPs. I am concerned that required expensing of the discount in the ESPP may make this valuable benefit plan less attractive to my employer, potentially causing my employer to either discontinue the plan, or reduce or eliminate the current discount. If the discount is greatly reduced or eliminated, buying company stock through the ESPP would no longer be much of a benefit. Unlike benefits aimed only at high-paid executives, this is a valuable benefit for employees across the company. Approximately 60% of Medtronic's U. S. employees participate and worldwide participation is approximately 55%. With such a high rate of participation, its' elimination or reduction would significantly affect our ability to attract, retain and motivate employees and allow them to share in the Company's success.

The ESPP is a very important benefit to me. Being able to participate in an ESPP has enabled me to invest in my financial future and experience a sense of ownership in my company. This benefit helped attract me to and serves as an incentive for me to remain with my employer. I could even say I continuously strive to perform to the best of my ability because I am an owner of the company. Study after study has shown that high performing companies have a high degree of employee ownership and ownership should continue to be encouraged through plans such as ESPPs.

Again, I would encourage you to reconsider the proposal that would require expensing of the discount received through an ESPP. It is my opinion that ESPPs should be exempt from this proposed rule change.

Sincerely,
José E. Santana Criado