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Letter of Comment No: 5369

File Reference: 1102-100

From: Montez, Shannon [Shannon.Montez@ssa.gov]
Sent: Friday, June 25, 2004 4:41 PM
To: Director - FASB
Subject: FW: Employee E-mail Campaign on Stock Options

To Whom It May Concern:

I am writing in regards to the current recommendation that Stock Options be expensed on the current profit and loss statement. My husband and I are both deeply opposed to this recommendation. My husband has worked for Applied Materials for almost ten years and on several occasions, Applied has rewarded his diligence and hard work by stock options. Because he has been with the company for so many years, our family has used the money from stock options to help buy the things that we need. We are a young family and the money that he has received from the sale of stock options has been used at various times to help us to meet our basic needs.

The last few years Applied Materials has weathered the downturn in the economy. My husband has been able to keep his position with the company but because of the downturn and the cost cutting measures that his company took to remain profitable, he did not receive a raise for several years and was not paid any type of a bonus. The bonus had been used at Christmas to purchase gifts for our family and to catch up on bills which we had acquired. We were never sure, and still am not sure if his position will be retained because of all the changes in the business that his company is in.

Applied has rewarded my husband on several occasions with stock options. The first set that he cashed in, was used to pay for part of our wedding. We cashed in another set to pay for a trip to England for my brothers wedding. The last set of stock options that he recently cashed in was used to pay off our truck and will free up money that we will need to use to pay for daycare for our third child.

I feel that this reward of stock options has been a wonderful tool that Applied Materials has used. They have not been able to give much in raises or bonus money over the past several years, and my husband and I have used the money from the stock options as a tool to help get out of debt.

Applied has used the stock options for many of their employees as a great way to reward the hard work that each employee does. They have no indication of what we would sell these options for as we can sell them at our own discretion. The latest set of options that we just sold was worth \$25,000, but had we sold these options in November, the options would have net us \$40,000. There would have been no way that Applied could have factored this information into their profit and loss statement.

If the current rules are changed, my husband as an Applied employee and our family would definitely lose out on this great benefit. The stock options are definitely an incentive for my husband to work hard for the company and to stay with the company so that he can exercise the future stock options that he currently has. I know that he is not the only employee who benefits from this. Many of his co-workers are in the same situation that we are in - many have recently married and have young children with a spouse that works. Although we are definitely not poor, we make ends meet and should this be changed, we would certainly suffer in the long term.

Please take this letter into consideration.

Thank you for your time,

Shannon M. Montez

6/28/2004