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Letter of Comment No: 5342
File Reference: 1102-100

From: Brent_Graves@amat.com
Sent: Thursday, June 24, 2004 6:26 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).

If FASB proceeds to force companies to expense stock options and employee stock purchase plans on the profit and loss statements, this change will have a dramatic negative effect on not only America's workforce, but the future viability of America's technological prowess.

Today, companies utilize stock options and employee stock purchase plans to attract and retain highly skilled and/or high performing employees. These benefits are most effectively utilized by America's high tech companies, where their extraordinary work efforts are balanced with the industry/company uncertainty and the possibility of future growth through these benefits. Due to the negative impact on the company's P&L statement, a company will be less likely to offer such programs to their employees. If these benefits are removed, these highly skilled employees will no longer enter these industries, due to the imbalance. The risk of the uncertain company and industry outweighs the salary alone. Salaries alone can be gained through much less uncertain companies and/or industries.

Today, high performing employees are leading Applied Materials to be the world's leading semiconductor equipment manufacturer. As a current high performing employee at Applied Materials, I will be far less inclined to remain an Applied Materials employee without stock options and/or the employee stock purchase plan. Where would Applied Materials and the US, for that matter, be without the high performing employees? I fundamentally believe that Tokyo Electron would be the world's in this industry, because they will be offering these benefits and attracting these employees!

In addition, the expensing stock options is a fallacy. Many people oversimplify expensing stock options, however it is impossible to predict the future value of a stock option, given their different vesting timelines and uncertainty of the future stock price.

Please consider my opinion when deciding on this very important matter.

Thank You,
Brent Graves
Senior Supply Chain Manager
Applied Materials