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From: David_Ledesma@amat.com
Sent: Thursday, June 17, 2004 6:32 PM
To: Director - FASB
Subject: File Reference 1102-100: Accounting for Stock Options and ESPPs

Letter of Comment No: 4505
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).

The statements below represent my opinions in this matter and ultimately in your decision making that will affect and ultimately undermined our values as

Corporate America. 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.

6/18/2004