

ikon**Letter of Comment No: 4572**
File Reference: 1102-100

From: Sean_Engelke@amat.com
Sent: Thursday, June 17, 2004 3:13 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).

I write to urge you to support broad-based employee ownership by cosponsoring the Stock Option Accounting Reform Act, HR 3574 and supporting its enactment. Enactment of HR 3574, is the technology industry's top priority. We are very pleased that the House Capital Markets Subcommittee and Financial Services Committee will report the legislation this month and urge you to support this effort.

The threat of mandatory expensing of employee stock options is the most significant issue facing America's technology industries. Mandatory expensing threatens our nation's innovation and economic leadership. It is a terrible policy for the tech industry and the 14 million American employees who rely on options, for the economy and even for investors who will be faced with unreliable financial statements.

A central goal of post-Enron reforms is to limit "abuse at the top" without penalizing the rank-and-file worker or reversing the positive national trend toward broad-based employee ownership. Expensing stock options would do exactly the opposite - expensing would likely eliminate the use of options for middle management and rank-and-file workers, as many companies that widely distribute options will be deterred by the prospect of a significant and distorted impact on earnings.

By preserving broad-based stock options plans and addressing the serious economic implications of stock option expensing, the Stock Options Accounting Reform Act is a sound compromise and we urge you to cosponsor and support this legislation.

Sincerely,

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6/18/2004