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From: Judy\_Wallace@amat.com

Sent: Friday, June 18, 2004 10:50 AM

To: Director - FASB

Subject: File Reference 1102-100: Accounting for Stock Options and ESPPs

Letter of Comment No: 4669 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). I am employed by Applied Materials, Inc. as a Human Resource Director. Thus, I am writing as both an individual employee and as a human resource professional.

On a personal note, I have been fortunate to have participated in Employee Stock Ownership Plans for about 20 years and in stock option programs for about 10. During that time, both my husband and I have been required to provide financial support for our elderly mothers. Happily, mine is still alive and relatively healthy at 83. When my father died at age 40, my mother was left [with no life insurance] to support myself and my sister. Although she worked non-stop for almost 50 years, she has existed on Social Security and a very small monthly pension payment since my stepfather died [also leaving her with no life insurance] 13 years ago. Because of the stock incentives offered by my employer, my husband and I were able to purchase a second home in our own city in order to move my mother close to us. Her monthly income had become insufficient for her to pay \$300 in rent and still have enough to pay for her other basic needs, including food, health care, and insurance. We have been able to offer her a level of comfort and emotional support she would not have otherwise enjoyed in her waning years. As much as my mother dislikes being dependent upon her own daughter, I know that her greater fear is that she will not be able to exist without our support. It is also my greatest fear!

Having worked in Human Resources for almost 25 years, I have heard many personal stories such as mine. I have seen the positive impact that stock option and ESPP programs can have on the morale, productivity, and retention of employees. Employees who are "owners" in their own companies are much more motivated and dedicated than those who are not. In addition, I ask that you consider the following facts:

- These types of employee incentives allow employers to attract and retain highly-skilled workers so critical in our globally-competitive industry.
- These employee incentives have effectively tied employee performance to shareholder return in a way that no other incentive can match.
- 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. I believe that stock options have contributed to unprecedented levels of innovation in the United States. That type
  of innovation is what makes our nation such a great one!

As a person who has been gainfully employed for 30 years, I feel I have contributed greatly to the U. S. tax system and to our economy, and I expect to do so for many more years. Unlike my mother, I have the peace of knowing that my financial future will likely be secure because of the stock incentives offered by my employer. Unlike her and my late mother-in-law, my husband and I should not have to suffer the indignity of depending on others during the last years of our lives.

I respectfully request that FASB reverse its position on the expensing of stock options and Employee Stock Purchase Plans.

Thank you,

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