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Letter of Comment No: 5575
File Reference: 1102-100

From: Bill_Harshbarger@amat.com
Sent: Monday, June 28, 2004 9:45 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 have been in the semiconductor development and manufacturing business for the past 33 years. I began my career at Bell Laboratories, but moved to Intel after my initial training in semiconductor technology at Bell Laboratories. A primary reason to move from the excellent research facility of Bell Laboratories to a semiconductor manufacturing company was the incentive for additional earnings through participation in the stock option program and the employee stock purchase programs at Intel.

Since those early days in the semiconductor industry, I have worked for 3 other companies in the semiconductor equipment industry. In each of these companies, I was able to participate in the stock option programs and the employee stock purchase programs. The additional income which my family has gained from these programs has been the major source of funding for the college and graduate school education of our children, the wedding of our daughter and housing for our family. As I am now nearing retirement, a significant portion of our retirement savings involves the stock options and employee stock purchase programs that I have achieved through my employment in the semiconductor equipment industry.

I have been fortunate that the companies for which I worked have been successful and the gains obtained through the stock option programs and employee stock purchase programs have been significant. However, I believe that a significant contribution to the success of these companies is related to the long hours and dedicated work of the many employees of these companies, based on the incentives involved in the stock option and employee stock purchase programs. I believe the success of the semiconductor industry in the US and its leadership position in world is reflective of the skilled and dedicated work force driving this industry, with the incentive of the stock option and employee stock purchase programs.

Based on these observations during the past 30 years in the semiconductor industry, I recommend that the accounting rules for the treatment of stock options and the employee stock purchase plans not be changed.

Sincerely yours,

William R. Harshbarger, Ph.D.
Director of the Applications Lab and Environmental, Health and Safety
AKT Inc.

6/29/2004