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From: Bob_Malley@amat.com
Sent: Wednesday, June 23, 2004 8:15 PM
To: Director - FASB
Subject: File Reference 1102-100: Accounting for Stock Options and ESPPs

Letter of Comment No: 5255
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 strongly urge you to retain the existing accounting policy.

While I understand and agree with the intent to limit the excesses at senior executive ranks, the proposed changes will really only affect the rank and file employees. Companies will no longer be able to afford broad based stock option programs that have enabled even the lowest level employees to receive stock options such as we have been able to experience at Applied Materials. Because companies will still need to attract strong executives, I am confident that senior executives will continue to receive lavish stock options. So the net effect of the proposed change will likely only hurt the common employee while not affecting the executives who have the continued potential to negatively affect the market and the average investor - something opposite of what I am sure you intend.

I personally have benefited from the broad based stock option program at Applied Materials. The stock options I received as a low level manager in 1995 now enables me to make ends meet in our family budget. We recently had our 3rd child. Despite a good salary, I cannot make ends meet each month without using the proceeds from my 1995 stock options that I sold last summer. With a mortgage, two kids in a paid nursery school, and my wife unable to work taking care of our newborn son, I rely on the proceeds of my stock options to pay the bills. Without options, I am not sure I would be able to work and live in the expensive Silicon Valley. I know I would not have hopes of ever getting ahead or be able to save for a successful retirement. There wouldn't be much desire to work here and I would very likely move to a lower cost area.

What is key to the success of our company, industry, and the US technology industry is the innovation that makes us a world leader. To drive that innovation, companies must attract strong talent. With the proposed accounting changes, the startup/small company that has made US technology the envy of the rest of the world will not be able to afford the critical talent it needs to maintain our technology and innovation leadership.

I strongly urge you to retain the current accounting policy for stock options. To do so will not result in the effect you seek but will only hurt average employees, our company's ability to contribute to society's improved standard of living, and our country's ability to compete in the world marketplace.

Sincerely,

Bob Malley

6/24/2004