



March 19, 2003

The Honorable David Dreier
U.S. House of Representatives
Washington, DC 20515

The Honorable Anna Eshoo
U.S. House of Representatives
Washington, DC 20515

Dear Congressman Dreier and Congresswoman Eshoo:

On behalf of the Semiconductor Equipment and Materials International (SEMI), the association of equipment manufacturers and materials suppliers to the semiconductor industry, I would like to thank you for introducing the Broad-Based Stock Option Plan Transparency Act of 2003.

SEMI supports this legislation, which would provide investors with increased transparency of employee stock options plans including share value dilution in an easily understood format. Our companies have endorsed best practices such as the maintenance of broad based option plans and believe the best way to protect shareholders and employees is by ensuring the enhanced disclosures that are espoused in this legislation.

Companies in our industry, like so many others, distribute stock options on a broad basis and have utilized options as an important tool to attract and retain the most talented workforce. There is no doubt that stock options have played a critical role in innovation and economic growth in the semiconductor equipment industry. Any proposal to mandate expensing of options could harm the ability of companies to broadly offer stock options to their employees.

Last year SEMI conducted a survey our member companies which revealed that 74 percent of all employees in the industry receive stock options, and that over 86 percent of the total options granted go to rank and file employees, rather than members of executive management. The survey respondents collectively represent a total employment base of over 31,500 industry workers and combined annual sales of \$13 billion. This legislation will protect the broad-based stock option plans of these companies, while providing investors with reliable and timely financial information.

Thank you again for your leadership on this issue and we look forward to working with you to get this important legislation enacted.

Sincerely,

A handwritten signature in black ink that reads "Victoria D. Hadfield". The signature is written in a cursive, flowing style.

Victoria D. Hadfield
President, SEMI North America