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From: Tom_A_Hart@amat.com

Sent:

Monday, June 21, 2004 12:51 PM

To:

Director - FASB

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

Letter of Comment No: 4705 File Reference: 1102-100

Dear Sirs:

I am writing to express my opposition to changing the accounting treatment for stock options and Employee Stock Purchase Plans (ESPPs).

I live in the Santa Clara County where the median home price is now over \$500,000. I am a 53 year old professional, white collar employee and I never imagined that I would ever be able to purchase a home in this market. For years, I had been renting apartments and struggling to save enough money to put a down payment on a house. In 1997 I became a full time employee at Applied Materials. As part of my employee benefits, I was given a few thousand shares of stock through Applied's incentive stock option plan. At that time, I did not expect to make a lot of money off of those options but it was an incentive to stay with Applied for a long term. Three years later, in 2000, the stock went up (along with the general market) and I had enough options vested to exercize and make a 15% down payment. In the process, I believe I paid almost \$30,000 in taxes on the transaction.

So that was a win-win-win situation for everybody. I accomplished a 30 year dream: to own my own home. Applied Materials has retained my services for almost seven years now; the longest I have ever worked for one company except for the U.S. Navy (1969-1979). And the U.S. Treasury won: an extra \$30,000.

Since then, I have continued to contribute the maximum amount into Applied's ESPP. I think of it as a forced savings plan. And I count on it for a source of extra revenue every six months. So far, I have always cashed out my ESPP shares within one year, creating a short term capital gain situation. But I use that money for home improvements and other essential items. In my view, the ESPP plan works out to be a way for the average middle class consumer, such as myself, to budget for the purchase of big ticket items such as cars, kitchen remodelling, new septic tank, landscaping improvements, you name it. In short, the kinds of economic activity that keeps small business moving.

Take that away and everybody loses.

Why take that away?

Sincerely,

Tom Hart IT Professional Applied Materials Sunnyvale, CA