

ikon**Letter of Comment No: 4713**
File Reference: 1102-100**From:** David_R_Nelson@amat.com**Sent:** Tuesday, June 22, 2004 11:37 AM**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 joined the Applied Materials team only 5 years ago, but have had a significant impact by the opportunities afforded by the ESPP. The program was a significant benefit considered when reviewing employment packages, so much so that even a higher base salary package was not as desirable as the complete package offered by Applied Materials.

Since participation in the program, the benefits of participation have been a key factor in my productivity and remaining at Applied Materials. Through the recent downturn, we were all forced to take a look at other potential job opportunities. These included employment outside the United States or as independent contractors for smaller companies. Many of these offered substantial base pay increases, but included only limited benefits of minimal 401K matching, basic health and medical, but NO ESPP or stock options. These were not attractive to me because they did not relay a sense of commitment from the company to the employee. There was no feel that I was a part of the company's success, or would be rewarded for my hard work. One of our local team took the bait and gave up 14 years with Applied Materials for an increase in pay. A year later he regrets having made the decision for exactly the reasons I expressed above.

In summary, I believe the ESPP is a key to personal and corporate success for the following reasons:

- 1) Maintains quality technical jobs in the United States.
- 2) Retains quality technical people in their roles at Applied Materials
- 3) Provides motivation for hard working individuals to contribute to company success
- 4) The innovative renovation to the ESPP by Applied Materials during the economic downturn was key to retaining personnel and provided an optimistic outlook for continued hardwork.
- 5) Provided an incentive vehicle that yielded immediate tangible profit greatly enhancing my family's well being.

Please do not take this program away!

6/23/2004