Letter of Comment No: 46/3 File Reference: 1102-100

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From: Scott\_Rumph@amat.com

Sent: Thursday, June 17, 2004 3:46 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).

My family has benefited immensely from the Applied Materials Employee Stock Option Plan. More to the point, it has been largely for this reason that I have not actively sought employment outside of Applied Materials during the ten years I have been with the company. I am not alone in this feeling since I have heard from at least 15 of my co-workers who have also not sought employment outside of AMAT because of their stock options incentive. Clearly, the message is that this program allows companies to hire and retain highly-talented and motivated people.

If the FASB forces companies to expense these options, companies will have no choice but to severely limit the dissemination of this benefit to a select few. Aside from this catastrophically negative effect to company morale, at the end of the day, no shareholder benefit is realized from forcing companies to expense these options. AMAT shareholders already vote to allow the company to issue these options. Shareholders have a say in how the company is run, and the expensing of these options does nothing but to cause companies to limit this benefit.

Furthermore, in my ten years at AMAT, I have seen a drastic change in the policy of issuing stock options. Before 1998, AMAT issued stock to only a "select few" and the amount that drifted down to the lower levels was very limited. When the policy was changed soon after that, I witnessed a major change in the feeling of employee ownership in the company. This decision had a very unifying effect to get everyone "onboard" for the success of the company. This is what drives shareholder value. Not forcing companies to "guesstimate" how much expense to apply to the P&L to account for stock options.

I strongly urge the FASB to allow companies, along with their shareholders, to decide for themselves if they want to expense these stock options. No long term benefit can come from making this a legal requirement.

Thank you for your consideration in this matter.

Scott