

ikon**Letter of Comment No: 4601**
File Reference: 1102-100

From: Brian_Borlet@amat.com
Sent: Thursday, June 17, 2004 3:27 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). I have several very strong reservations concerning this attempt to force changes on public companies in the United States including Applied Materials.

First, these changes would create financial uncertainty on our Consolidated Statement of Operations. I don't think this would be helpful to anyone, certainly not our shareholders or potential shareholders. The situation you created with SAB 101 revenue recognition requirements has caused great volatility in some companies as they have adapted to it. This would be worse. I am not an accountant but I don't think adding estimates like this to our Profit and Loss statements will inspire confidence. No sense in taking a hypothetical charge against earnings when we can instead record real charges.

Second, I think this could bring a serious blow to American companies' ability to effectively compete in the global environment. We already face stiff competition from China on many fronts, not just economically I will remind you. China and other countries recognize the value of stock options in attracting and retaining top talent and are increasing their use - without these types of restrictions. Let's not hamstring American companies with needless rules.

Third, we are at war. Please see what you can do to support that effort.

Last, from a personal perspective, stock options and employee stock purchase programs have greatly benefited my family. To a large degree I am able to afford a nice house and save for my children's education based on gains I have made through these programs. It also has tied my personal financial success to that of my company.

Thanks for your time and consideration.

Brian Borlet