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**From:** Paul\_E\_Donovan@amat.com  
**Sent:** Monday, June 21, 2004 10:47 AM  
**To:** Director - FASB  
**Cc:** James\_A\_Swarthout@amat.com; Greg\_D\_Dickinson@amat.com; Michael\_Keddy@amat.com; Phillip\_Saddler@amat.com; Stephen\_Cormier@amat.com; Ted\_Higgins@amat.com; George\_Ahern@amat.com; Roman\_Puczynski@amat.com  
**Subject:** Why are you trying to force a cooperation to take away a motivation tool by forcing them to expense options?

Director of FASB:

The perception that is that the only people who get options are the upper management. This is not true at Applied Materials the options and Employee Stock Purchase (ESSP) are given to all employees. These are the rewards and motivators that has helped AMAT become the biggest and best in the industry. These options allow the average non-management employee a reward system that helps provide their family's with some financial rewards for their effort. As the people are motivated by options to make AMAT the best they gain not only in options reward but in their 401K with the company's success..

If we change the way the accounting is done the "little people" who have invested in their 401K will be hurt financially for retirement . United States economic booms has been fueled by motivating individuals to invent creative ideas and solutions driven by financial returns. We work in a capitalist society were a person is rewarded for his labor and the option's allow the individual to gain financially as the company does well . It also does not rewards for failure the true capitalistic motivator.

Thank God we do not live in a socialistic country.

As one of the "little people" I urge you not to change the accounting procedures. The amount and methodology of use of Stock options and ESSP is always voted on by stockholders. The stockholders get informed and will make a informed decision of the company's policy's. The changes in the accounting practices may prevent abuse but will certainly have a bigger impact on the people not at the top. Your changes will force AMAT to cancel its rewards program the impact will be a less aggressive company this could not be good for the U.S.A.

Regards  
Paul E Donovan

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6/21/2004