

From: Duane_Loos@amat.com
Sent: Thursday, June 24, 2004 10:01 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've been an employee of Applied Materials since 1988, graduating with a degree in Operations Management from the University of Cincinnati. During that time I have:

- Held numerous positions within the company that have allowed me to grow personally and professionally
- Relocated several times with my family
- Survived four industry "downturns", the latest lasting three years and had the privilege to work with some of the most talented, motivated, hardest working people in the world.

Applied Materials (and the industry we serve) has changed the world we live in today. All aspects of your everyday life have benefited from the output of these people. Why did we do it? Of course there is the personal satisfaction of doing what's never been done before (creation), but also because after years of hard work there can be a financial success that allows you to give your family opportunities not otherwise affordable. What has this enabled me to do:

- Buy a home near where I work in silicon valley
- Support my family (father/brother) in Ohio, an industrial area still trying to recover
- Provide medical coverage for aging in-laws
- Provide housing for aging in-laws and parents
- Establish educational funds for my children
- etc

I'm not going to debate the financial treatment methodology's that are possible. I know the system today has enabled what otherwise would not have been possible and the benefits don't just impact the lives of the people at the companies, it's much broader. My situation alone, the stock option process has benefited the lives of me, my wife, my two children, my sister, my brother, my parents, my in-laws, and the every growing circles of impact that each of them touched because of what I was able to do for them.

It is a system that tries to give back to those that generated the benefits. It's not perfect, but it works and should not be changed as you are trying to do.

Regards,

Duane Loos