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Letter of Comment No: 4914
File Reference: 1102-100

From: Steve_Gatsos@amat.com
Sent: Friday, June 18, 2004 6:29 PM
To: Director - FASB
Subject: File Reference 1102-100: Accounting for Stock Options ai

To Whom It May Concern:,

I am writing to express my opposition to changing the accounting treatment for stock options and Employee Stock Purchase Plans (ESPPs). Stock Options and ESPP provides incentive for me to perform at the highest level and work in the globally competitive semiconductor industry. Stock Options and ESPP have enabled my family to go on vacations and have a good quality of life. In order to keep the US companies at the forefront of the important industry, stock options and ESPP is key to attracting and retaining world-class employees.

If implemented, these changes would create financial uncertainty on AMAT's Consolidated Statement of Operations. This accounting change would make it very expensive for companies such as ours that offer broad-based employee stock plans. Per FASB's proposal, companies will be required to take a hypothetical charge against earnings, instead of recording a real expense that has occurred and can be accurately measured. Expensing stock options and ESPP at the time of issue would not show proper accounting because no model or formula can predict how a stock will actually perform. This would cause unnecessary company dollars being spent on readjusting the value of stock options every quarter. In effect, this would hurt US companies in the globally competitive semiconductor industry.

Sincerely,

Steve Gatsos