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From: Ron_Burke@amat.com

Sent: Thursday, June 17, 2004 4:37 PM

To: Director - FASB

Subject: File Reference 1102-100: Accounting for Stock Options a.

To the Director of the FASB,

I am writing to express sincere opposition to modifying the accounting treatment for stock options and Employee Stock Purchase Plans (ESPPs). The accounting methods used today most accurately reflect the treatment of such employee incentive programs.

Letter of Comment No: 4451 File Reference: 1102-100

I have been employed with Applied Materials for about 12 years. During the course of my employment stock option and ESPP incentives have allowed me to purchase and add onto my home for my family in an expensive housing market. Mind you I purchased my home over 10 years ago when housing prices were significantly less thus the stock market boom of the late 1990s has nothing to do with the impact that stock options and the ESPP plan has had in this regard. Without these incentives I would have left Silicon Valley many a year ago for another venture in a less costly though less technically productive atmosphere. To this day I continue to hold a number of vested stock options because I believe in the company I am employed with.

Of greatest concern is the incentive nature that stock options and ESPP has on the American marketplace. Our country educates technical talent at a decreasingly lower rate – our country's need for technical talent continues to increasingly outstrip its supply. The future of our economic health lies heavily with the education of our people with technical degrees and expertise. Employee stock option and ESPP benefits are drivers to produce, attract and retain that talent, particularly to enterprises formed in emerging markets. Remove that incentive and watch the life of technology migrate to countries such as Taiwan and even China where a growing use of stock incentives are being employed.

Please note that in the above treatise that I have specified stock option and ESPP as incentives, not compensation. Stock options and ESPP shares are earned as an incentive to attract as well as retain technical talent. Unless stock options vest and the stock price increases, there is no cost to stakeholders because there is no worth to be recognized.

At an early age I was taught that money is not spendable until you can feel it, fold it and hold it. I liken stock option plans with this principle. Until stock options and ESPP shares are sold and actual gain realized, they can not realisitically be accounted for as a real expense, particualrly due to the volatility of stock valuations. They are essentially only ledger entries with potential for realized gain thus can not realistically be expensed.

Ron Burke 12 year employee of Applied Materials Santa Clara, California