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Letter of Comment No: 5264
File Reference: 1102-100

From: Rod_Donaville@amat.com
Sent: Thursday, June 24, 2004 1:12 PM
To: Director - FASB
Subject: File Reference 1102-100: Accounting for Stock Options and ESPPs

Dear Director,

I am writing to express my opposition to changing the accounting treatment for stock options and Employee Stock Purchase Plans (ESPPs).

The Applied Materials stock option plan has effectively tied my performance and that of my co-workers to shareholder return in ways simple compensation cannot match. There is no doubt in my mind, we would not have achieved the phenomenal success over the past many years at Applied Materials without the incentives of the stock option plan. It is through personal sacrifice, dedication, desire to change the world, and potential ability to share the equity we create that drives us to succeed. It is all of these things, including the ability to share in my company's equity that attracted me to this company. Applied Materials and America would have had a far different place in history without a broad based stock option program.

Our country cannot afford to decrease incentives for workers to perform at levels which has allowed the United States of America to enjoy a technological edge over global competitors.

Furthermore, as an investor I am substantially concerned about the ability of a corporation to properly value stock options. Adding an estimate to a corporation's Consolidated Statement of Operations on the value of issued stock options will impede my ability to compare performance across industry sectors.

I urge you to reconsider your position on the expensing of stock options. Implementation of the Financial Accounting Standards Board's proposal to require corporations to expense stock options, would limit Applied Material's ability to issue this important incentive to myself and to thousands of my fellow co-workers.

If you would like to talk to me and my family directly regarding the impact our company's stock option and employee stock purchase plans have had on our lives, please do not hesitate to contact us at the e-mail address below.

Respectfully,

Rodney C. Donaville
Rod_Donaville@AMAT.com

6/24/2004