



FMA Members:

Notes from the meeting on Wednesday the 28th of February 2007.

Following is a brief outline of what topics were touched upon by Michelle Dutton and Jeanine Enguerra in their presentation for Applied Materials..

Presenters:

Applied Materials

Michelle Dutton

Finance Director, Corporate Controller's Office

Responsible for policy and controls

SJSU Alumni

Jeanine Enguerra

Corporate Human Resource and Finance.

Company: Applied Materials

Introduction: Kaplan – Introduction Free Practice GMAT testing at SCU on Saturday at 1:00pm – 4:00pm

Overview of Applied Materials:

- Global leader in Nano-manufacturing technology.
- Reported segments:
 - o Silicon, Fab Solutions, Display, Adjacent Technologies.
- Future in Solar Technology.
- Approx. 14,000 employees.
- Competitors:
 - o Tokyo Electronics (Rank 2nd).
 - o Applied (Rank #1).
- Vendor's:
 - o Intel (#1 vendor).
- Technology Development Facility (New Facility):
 - o 200,000 square foot facility.
 - o Allows customers to view products and machinery.

Internship Program – Jeanine:

- Program designed to help interns to go from college environment to corporate environment.
- Provides hands-on, real world experiences.
- Help gain knowledge about Applied and semiconductor industry.
- Benefits:
 - o Highly visible executive management.
 - o Build network of co-workers and friends.
 - o Executive brown bag lunches.
 - o Real-life projects.
 - o Developing personal career paths.
 - o Social events and programs.



- Program:
 - o Minimum 3 months in duration (longer for local students).
 - o Full-time during summer between May and August.
 - o Part-time during fall or spring semesters.
- Finance College graduate Program:
 - o One year global and strategic development program for college hires.
 - o Designed to facilitate a successful transition from college to the corporate environment and to build a solid career foundation through education and training.
 - o Focus on assimilation and employee development through a series of on boarding, training, and networking activities, seminars and events.
 - o 1st assignment (12 months) depending on employee progression and business needs.
 - o Assignments are generally in Product Business Groups, Manufacturing, Regions and Corporate Functions.
 - o At end of 1st assignment, College Graduates are placed in areas which provide them additional professional.
 - Benefits:
 - Guidance, Educated Choice, Mentor, Understanding the company culture and products.
 - o Programs:
 - Assimilating, Networking, and Training.

Sarbanes-Oxley Overview:

Background:

- What events prompted Congress to pass the SOX act?
- Enron, Aurther Anderson, Aldelphia, etc.
- Mis-conduct by management, conflict of interest, protection for shareholders, and restore confidence all lead to SOX.

SOX Section 404:

- States that all annual reports include an internal control report.
- 1. State the responsibility of management for establishing internal control structure and procedures for financial reporting.
- 2. Assessment at the end of the most recent fiscal year of the issuer, of the effectiveness of the internal control structure and procedures of the issuer for financial reporting.
- Annual auditor opinion plus, “attest to and report on” how well management did on assessing the company controls.

Intent and Costs:

- 404 is one small part of the SOX Act that was aimed at holding management and external auditors accountable.
- Initial est. by the SEC suggests the average company would spend \$91K annually. Reports now show average annual costs per company for compliance in 2005 was \$3.8 million.
- Congress did not intend to have excessive costs now associated with the implementation of SOX 404.

SOX 404 Current Environments:

- Many companies blame the PCAOB and Auditing Standard 2 for driving auditors to conduct overly aggressive and costly audits.



- Actions are taken into place currently to address the concerns with implementation of SOX 404.
- During December 2006 SEC and PCAOB came out with a proposal of what the intent and clarification of SOX 404.
- The PCAOB proposed new audit standards.
- Are the financial statements correct?
- Are controls effective?
- Did management make sure controls are effective?

Questions and Answers:

1. What do you think the future of SOX will be for Company and Auditors?
 - a. Their will be progress. Applied in Jan time frame tried to negotiate, and have engaging meetings with auditors to understand their reports and see why some tests are tested and why some do not need to be tested. To help auditors and company understand the processes. Has lead to successful head-way, and has lead to reductions on costs, and less external audit hours.
 - b. It won't go away, but we can bring cost down. Implements are rough, because you have to continually test, test, and test. If auditors know the company, why should they keep testing?
2. Isn't it still important to do annual walk through because of constantly changing business environments?
 - a. There are values in walk through. Inquiry of managements. Revenues, stock options, cannot be avoided. But A/P and A/R can be worked on. Has anything changed in control environments, same background checks? Do an inquiry rather than a walkthrough.
3. How many people are you hiring?
 - a. It is based on management needs and if they are within budget.
 - b. FCG is Full (usually 10-15 people), but looking for Internships mainly.
 - c. For interns who do a good job, and have a good GPA, could get into the FCG program.
4. What is the turnaround for interns?
 - a. Usually 80% stay.
5. How soon should students apply for a program if it already is full for 2007?
 - a. When you are a junior start looking for an internship right away.
 - b. For FCG program, if you are not an intern, they start interviewing in August.
6. Open for Finance major, or all majors?
 - a. Internships opportunities for all majors and for Co-op's.
 - b. HR and Engineering Interns

Applied Materials will be at SJSU Career Fair with roughly 5 to 6 people interviewing students for possible internship opportunities. So please do not forget to bring your resume to the Job Fair.