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From: Jacqueline_Flannery@amat.com
Sent: Thursday, June 17, 2004 7:23 PM

To: Director - FASB

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

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).

Letter of Comment No: 4556 File Reference: 1102-100

- Stock options have helped Applied Materials attract and retain the highly-skilled workers necessary in our globally competitive industry. Without this incentive, US companies would be at a severe disadvantage in maintaining global business and technical leadership, particularly since our technological competitors in China and Taiwan, are increasing their use of stock and stock options.
- · Since the future value of employee stock options is impossible predict, adding a "guesstimate" to P&L statements will not provide an accurate account of liabilities nor improve clarity for investors. These would only be hypothetical charges, not real expense, based upon a set of highly dynamic assumptions. Furthermore, dilution of the stockholders' interests caused by "in the money" employee stock options are already factored into all companies' earnings per share calculation. And finally, stockholders currently have adequate control over the issuance of stock options since the NYSE and NASDAQ require that companies receive stockholders' prior approval.

Personally, stock options and ESPP were the primary enablers that allowed my husband and I to purchase a modest home in Silicon Valley. This otherwise would have been completely out of reach for us, even on our two senior engineer salaries and annual bonuses due to the high cost of housing.

Please put an end to this accounting change due to 1) the severe impact it will have on both US businesses and individual citizens, 2) while only providing stockholders with unrealistic and confusing information.

Sincerely,

Jacqueline Flannery Applied Materials, Inc. Business Process Development Manager 408-986-3391