Letter of Comment No: 4473 File Reference: 1102-100

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From: Nancy Quevedo@amat.com

**Sent:** Thursday, June 17, 2004 4:45 PM

To: Director - FASB

Subject: File Reference 1102-100: Accounting for Stock Options and ESPPs

I am writing to express my opposition to changing the accounting treatment for stock options and Employee Stock Purchase Plans (ESPPs). Because I am a single working mother, the stock portion of my compensation has been crucial to my owning a home, paying for my children's education, and planning for a secure retirement.

I am proud to have been an employee of Applied Materials, Inc. for over 10 years. Inside the company, we joke that 10 years here are equivalent to 20 elsewhere because of the fast pace and high demands of the company and industry we work in. The Board of Directors regularly decides to reward that high level of effort with stock option incentives, which is why employees are willing to meet these challenging demands. In my opinion, linking individual compensation so directly to company performance is they key factor that has enabled this company, and the high-tech industry, to grow and contribute substantially to the success of the US economy.

Changing the accounting treatment for stock incentives will effectively eliminate stock programs for mid-level employees like myself. No company can reliably predict the value of stock options since they are usually awarded years in advance of when they are exercised. Attempts to value the options will only create confusing volatility in the P&L statement. And while recent scandals have underlined the importance of providing transparency in corporate accounting, careful investors can already review Applied Materials' stock option accounting in the footnotes of the P&L statement. In addition, the effect of "in the money" options on shareholder value is incorporated into the earnings per share numbers.

The stock-based compensation policies of Silicon Valley, and other high-tech centers in the United States, have enabled both employees and investors to achieve their dreams based on values that make our culture strong: hard work at every level, shared responsibility and reward, and ever-increasing innovation and productivity. Particularily as our national and local economies strive for a robust recovery, proposals to change the accounting of stock options and ESPPs move in the wrong direction. I strongly urge you not to discourage the success of working Americans by requiring the expensing of stock options and ESPPs.

Sincerely,

Nancy Quevedo Operations Support Manager Applied Materials, Inc.