

ikon**Letter of Comment No: 4739**
File Reference: 1102-100

From: Debra_Matsuhira@amat.com
Sent: Tuesday, June 22, 2004 8:58 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).

Stock options and Employee Stock purchase plans have enabled me to be an "owner" in Applied Materials. These options provide an environment, where everyone works side by side as a "part owner". Every employee can participate irrespective of rank. All employees benefit and the shareholders benefit as well. Our shareholders and Board of Directors vote on stock option grants, hence they view that options provide additional return on investment to our shareholders (higher valuations and higher profitability). Our company has been highly successful due to this "ownership" by employees. From a personal standpoint, my family has been able to utilize stock options to place a down payment on a house. The ESPPs have helped to establish an education fund for my children. These are not extravagant benefits, but allows my family to have a comfortable lifestyle in a very high cost environment.

Our company has been able to retain a highly skilled workforce in a highly competitive environment. Employees with stock options/ESPPs are part owners and exhibit loyalty and commitment. It has allowed our company to continue to innovate and develop high technology products with very fast cycle times. Our market is highly competitive, our global competitors and customers in Taiwan, and China are offering stock options to employees to try to attract talent from the United States. Without U.S. companies having the ability to provide stock options many of the most talented, highly skilled employees will seek employment outside of the U.S. and hence reducing U.S. competitiveness.

Thank you for your attention to this matter.

Debra Matsuhira

6/23/2004