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From: Maggie Morgan@amat.com

Letter of Comment No: 4714

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Sent: Tuesday, June 22, 2004 12:33 PM

To: Director - FASB

Subject: Accounting Changes for Stock Options

I am writing this letter to hopefully give FASB an idea of how the stock options I have received from my company have helped me in many ways.

The most important is that I was able to purchase a home with my stock options. I would never have been able to do that without these incentives.

It also will be helpful in any of our future plans for retirement.

The stock options are given to us as incentives and for reward for good performance. Applied Materials is one of the best companies worldwide and our highly skilled employees are the reason for this. Employees are valued highly by Applied Materials and this is demonstrated by the stock options and ESPP programs that are offered to us. This proposed accounting change could have a negative impact on US global competiveness as our technical competitors in China and Taiwan are increasing their use of stock and stock options.

Stock options are not employee compensation, they are approved by the stockholders before they are issued. This gives even more importance to the issuance of these, as the stockholders appreciate the work and efforts that the employees offer, and realize this may ultimately increase their investment.

I ask you to consider the negative impact this would have on United States companies and their employees if you do change the accounting rules regarding stocks and stock options.

Thank you for your consideration.

Regards,

Maggie Morgan

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