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From:

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Sent:

Thursday, June 24, 2004 7:10 PM

To:

Director - FASB

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

Letter of Comment No: 5343 File Reference: 1102-100

I am writing to express my opposition to changing the accounting treatment for stock options and Employee Stock Purchase Plans (ESPPs).

When I joined Applied Materials almost 10 years ago, I never imagined that the stock options I received would one day enable me to build a nest egg to someday fund my son's college education (wherever he wants to go) as well as to provide an important cushion/security in the event of an extended period of unemployment, serious illness, etc.

Living in one of the most expensive places in the United States, combined with working in one of the most volatile industries (hitech), stock options are one of the ways companies are able to attract and retain talent. With programs such as ESPPs virtually every employee benefits from stock-related incentive/compensation programs. Requiring these programs to be expensed would be a significant detriment to employees' financial security and their motivation and sense of dedication to a given employer. Also, lest the investment community believe shareholders are having the wool pulled over their eyes regarding the use of stocks and ESPPs, many companies like Applied obtain shareholder approval before issuing employee stock options.

While most Applied employees have been awarded stock options that are now significantly "under water", some with probably no chance of every making it into the black, the ability to earn and benefit from stock options over the long hauf keeps many people motivated to continually give their all for the hope (and often the reality) that one day they will be able to take a nice check to the bank for whatever they and their family may need. Don't take this benefit away!

Best regards, Cheryl Reicker Director, Applied Materials