Letter of Comment No: 4599 File Reference: 1102-100

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From: Bruce Klafter@amat.com

Thursday, June 17, 2004 3:20 PM Sent:

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).

As this email reflects, I work for Applied Materials, Inc. in Santa Clara, California. Applied is a leading manufacturer of semiconductor fabrication equipment and, more to the point, has a long history of granting stock options to a majority of its workforce. I left the private practice of law to join Applied for a variety of reasons, but a large element of the financial attraction was the availability of stock options. I was essentially taking a bet that the options are going to be valuable when my children are ready to attend college. Moreover, I view the options as a huge motivator, something that makes the overall performance of the Company and its stock very real to me. I know the FASB proposal does not prohibit granting options, but the reality is that it will create a huge disincentive for public companies to grant significant numbers of options to the rank and file of employees. I happen to agree that the required disclosure will not enhance investor confidence and the proposal overall has little benefit to offer shareholders.

I want to add that any changes to our ESPP plan will also impact me negatively. The discount offered to plan participants is another easy way for me to increase my shares and my stake in the Company's performance. That is of material value to all of the Company's shareholders and FASB should not jeopardize ESPPs for that reason (and others).

Thank you for your anticipated consideration.

Bruce S. Klafter Sr. Director, Environmental, Health & Safety Applied Materials, Inc. (408) 563-9030