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Letter of Comment No: 4643 File Reference: 1102-100

From: Sent: Manny_Cappello@amat.com Thursday, June 17, 2004 4:11 PM

To:

Director - FASB

Subject:

File Reference 1102-100: Accounting for Stock Options and Lorra

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

I work in Silicon Valley for Applied Materials. For the past 7 years, my compensation has included both stock option and ESPPs. I'm worried that the accounting changes will essentially reduce or eliminate this portion of my compensation and dramatically hinder my ability to support my family living in such a high cost area.

Some of the benefits I've seen of stock options and ESPP's are:

- These employee incentives have effectively tied employee performance to shareholder return in a way that no other incentive can match.
- Stock options have helped Applied Materials attract and retain the highly-skilled workers necessary in our globally competitive industry.
- As we move forward in an increasingly competitive world, the United States should not decrease the utility of these incentives while our technological competitors, particularly in China and Taiwan, are increasing their use of stock and stock options. We believe stock options have contributed to unprecedented levels of innovation.

Thank you,

Manny Cappello

Field Operations Manager

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