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From: Alyssa_Bailey@amat.com
Sent: Wednesday, June 30, 2004 10:19 AM
To: Director - FASB
Subject: My Stock Option Story

Hello,

I wanted to write and tell you about one of the reasons I came to work at Applied Materials. I came because it's a great company that has worked hard to reward it's employees that stick with it through thick and thin, and I had seen that effort while I worked here as an intern. I knew that if I was offered a full-time job at Applied, I would have a great salary, live where I wanted to live in Austin, and have great rewards in the form of stock options. None of my friends that went to work at oil companies or other manufacturing facilities talked about their great stock options, but that was nearly all I could think about! Now I knew that I had bonuses to look forward to, once a year, while others in my graduating class didn't have that comfort or option. I could work hard and do my part to contribute to the stock price, and I would reap the rewards in the end.

When I was granted my stock options, I got a super surprise. I received 500 more options than I had been promised! Because Applied Materials had more to give to their employees, they did. It gave me a comfortable feeling, like someone was watching over me, making sure I was really getting the most I could from my employer as a show of appreciation for my hard work. Plus, it gave me that much more incentive to work harder--I now have that many more opportunities now to give myself a bigger bonus! I get more excited as I watch the stock ticker climb higher and higher, and wonder what I can do to help it on its upward journey.

Stock options work as an incentive device. I enjoy having some ownership in the company where I work, I feel pride when the stock price goes up, knowing that I helped make it possible. Stock options should not count against the P&L for any company, they really aren't worth anything until their vesting date comes around, and then I can guarantee that I will enjoy the bonus I worked so hard to impact.

Thank you for your time. Please consider the impact on the employees when making your decision to penalize their companies' incentive program.

~Alyssa Bailey
Applied Materials Austin Site
Manufacturing Engineer

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6/30/2004