

**ikon****Letter of Comment No: 4698****File Reference: 1102-100**

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**From:** Damon\_Cox@amat.com  
**Sent:** Friday, June 18, 2004 3:25 AM  
**To:** Director - FASB  
**Subject:** File Reference 1102-100: Accounting for Stock Options and ESPPs

I am a mechanical engineer at Applied Materials; and, I am writing to express my opposition to changing the accounting treatment for stock options and Employee Stock Purchase Plans (ESPPs). These employee incentives have effectively tied employee performance to shareholder return in a way that no other incentive can match.

Growing up, my father was a blue collar worker and a die-hard union member. He taught me that you have to fight against your employer, because they were out to short-change their employees any chance they get. I believed every word that my father said, until I went to work for a company that ties employee performance to shareholder return.

My current salary is around \$85K, and I have approximately \$250K in my company's stock (not including options that have not vested). I don't own a lot of stock; but, I own a lot of stock to me. This is my company. I take ownership of the company as if it were a small business that I founded myself.

When I get a call about an issue over the weekend from manufacturing, I drive to work to make sure that the problem is resolved and the system ships on time. I do not do it to please my boss, hoping that I will get a big raise. I do it, because I understand that my company's revenue may be impacted if that one system does not ship by the end of the quarter.

If we miss the Wall St. expectations for a few cents per share at the end of a quarter, I wonder to myself if there was anything more that I could have done to make a difference. I am glad to say that I am not alone in this way of thinking. Stock incentive programs have created a culture within our company of individuals that take great pride in their work. Each employee is committed to increasing stockholder equity through long-term revenue growth. What other form or incentive could possibly replace stock in the company that you work for?

I have considered leaving my current employer from time to time; but, the reason that I do not is mainly because of the stock incentive programs. I could easily find another job that pays the same salary; but, it would be much more difficult to find a fast-expanding company that offered as much in terms of stock incentives.

I believe that the current push to expense stock options is a politically motivated, and certainly not in the best interest of our country.

Regards,  
Damon Cox  
Mechanical Engineer, husband, and father of two

6/18/2004