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**From:** John\_Lane@amat.com  
**Sent:** Thursday, June 17, 2004 3:51 PM  
**To:** Director - FASB  
**Subject:** Expensing Stock Options

**Letter of Comment No: 4439**  
**File Reference: 1102-100**

I am an engineering manager at Applied Materials (we sell semiconductor manufacturing equipment). I have spent twenty years in the Aerospace (11) and Semiconductor (9) industries. I believe that stock options are the best motivational tool for incentivizing my employees. People want to feel that they have ownership in the company. When the company prospers, they prosper. When the company struggles, they do not benefit. Stock options provide that sense of ownership in a way that really motivates people to perform yet protects them from financial loss. If the stock goes down, the employee doesn't lose any money; the options merely have no value. I believe that all companies would benefit from the type of program that Applied Materials employs and would like to see the accounting rules encourage companies to implement these programs.

I do not understand how the proposed rule changes would improve the accounting of these options. The current accounting method appears to be a very accurate way of accounting for the options because it is based on the actual value of the options. By "estimating" future value of options and accounting for "possible" costs associated with them, the accounting system would be highly inaccurate. The costs should be accounted for when the costs occur. This is straightforward and easy to implement. As an engineer, I like systems that are simple and accurate. Please support a system that would account for the true costs when they occur.

Thank you for your consideration.

John Lane  
Engineering Manager  
Applied Materials

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