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From: Sent: Tim Leong@amat.com

Thursday, June 17, 2004 4:51 PM

To:

Director - FASB

Subject:

File Reference 1102-100: Accounting for Stock Option

Letter of Comment No: 4475 File Reference: 1102-100

Director:

I'm opposed to changing the accounting on stock options and the $\operatorname{Employee}$ Stock $\operatorname{Purchase}$ Plan .

The semiconductor industry is fueled by highly dedicated and creative personnel who typically (with few exceptions) work 12-14 hrs a day and often through weekends and holidays. The industry is highly competitive with very short market windows. Moore's law (double performance, half the

cost) every few years continues unabated. The US must compete against formidable competition from Asia-pacific and contribute to the long term US economic recovery. Employee retention during these cycles is key in maintaining advantage over foreign competition.

Maintaining the accounting practices associated with Stock Options benefit employees and the US economy by:

retaining key personnel during typical semiconductor cycles without raising labor costs, i.e., increasing wages as an alternative results in less money for R&D, higher labor costs leading to inflationary pressures and lowered competitiveness relative to foreign competition.

From a pure financial accounting perspective, expensing stock options with a predicted present value is theorectical at best. From personal (tragic) experience, I've held on to my options through the stratospheric heights of the dot.com boom and through the recent depths of the downturn. It appears no one can predict when these options are exercised, not even me with respect to my own options.

Thanks for the opportunity to express my opinion on this matter.