

To: director@fasb.org

Subject: File Reference No. 1102-100

I am writing you to express my concerns regarding the mandatory expensing of ESPP and stock option plans.

Our employee stock purchase plan, (ESPP) and employee stock option plan give me a stake in the success of our company, and motivate me to be an innovative and productive employee. If companies are forced to expense these plans, they will be forced to limit the use of them. This would negatively impact morale, productivity and innovation.

The idea that an accounting rule could curtail my ability to participate in the success of my company is disheartening to say the least.

Mandatory expensing of our ESPP and stock options is poor accounting practice. The potential dilution of each investor's share of company ownership *is the real cost* of employee stock options. That cost is *already reflected* in company financial statements through "diluted earnings per share". The current proposal does not clarify the issues of transparency or accuracy. In fact, I expect the array of variables and latitude in the assumptions proposed in the valuation methodology would serve to cloud financial statements.

Broad-based stock option programs are good for shareholders because employees are rewarded only if our company's stock value increases. In the past, my stock options have enabled me to improve my quality of life in meaningful ways.

I've purchased a house, paid for my children's college education and been able to save for retirement.

I have personally seen the benefits of stock options to companies, employees and families. Broad-based plans should be encouraged, not eliminated and certainly not eliminated by a set of standards that does nothing to add to transparency or accuracy which are the hallmarks of accounting.

I urge you to consider this carefully. The outcome of this proposed change could adversely affect innovation, production and economic growth in key industries critical for America to continue its economic leadership position in the world.

Respectfully submitted,

Brian J. Murphy  
KLA-Tencor Corp.

U\*