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Sent: Monday, May 03, 2004 8:40 PM

To: Director - FASB Cc: Laboy, Tracy

Subject: File Reference No. 1102-100





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The idea that an accounting rule could curtail my ability to participate in the success of my company is disheartening to say the least. Our employee stock purchase plan, (ESPP) and employee stock option plan give me a stake in the success of the company, and they motivate me to work harder. I believe that if companies are forced to expense these plans, my company will be forced to limit the use of the plans. This would negatively impact morale, productivity and innovation.

Letter of Comment No: 2168

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I believe that mandatory expensing of our ESPP and stock options is bad accounting. 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 our company financial statements through "diluted earnings per share". I also do not see that the current proposal clarifies the issues of transparency or accuracy. In fact, I would think given the array of variables and latitude in the assumptions proposed, the valuation methodology would cloud the financial statements more than ever.

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.

For example, a) I have been able to contribute for my son's college tuition and expenses without taking burdensome loans, b) I have been able to pay for my wife's medical treatments for severe allergies, and c) I have been able to purchase a replacement vehicle for our ten year old car; all through the use of Employee Stock Purchase Plan and the exercise of company stock options.

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 hope that you will consider the expensing of options for the top five officers of a Company, rather than the "rank and file" who have not seen pay raises in the Semiconductor Equipment Sector for two of the last three years. The top officers of a company have the authority and ability to influence a company's stock price for large personal gain, not the lower tier worker who strives to do honest work for a fair wage.

Respectfully submitted, Douglas Lamb, KLA-Tencor