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Letter of Comment No: 5204
File Reference: 1102-100

From: Marilyn Moore [Marilyn.Moore@Sun.COM]
Sent: Wednesday, June 23, 2004 6:16 PM
To: Director - FASB
Subject: File Reference No. 1102-100

Letter of opposition to FASB stock option expensing mandate

I am sending this email to register my opposition to the FASB proposal to mandate stock option expensing. My hi tech employer distributes stock options to a very broad employee base. These stock options vest over 5 years which incentivizes people to stay. This company is a key innovator of technology and depends on the knowledge and creativity of its employees.

Any requirement to expense stock options will radically diminish the number of stock options distributed; most likely any future stock options would be reserved for key members of management. This will hurt the rank-and-file employees who salaries are at or below market because the stock options have historically been considered part of their compensation. During these tough times, it is unlikely the company will increase everyone's pay if stock options are no longer given. The net result will be the employee loses out.

Most of our options are already underwater and we've been told repricing would not be fair to shareholders. If the company is discouraged from distributing stock options when the stock price is depressed, employees will not be able to offset those options that are underwater when the recovery does happen. This will mean that employees who work hard to make the recovery happen will not be benefitted when the recovery actually occurs because their stock options will be at a break even point (maybe).

Requiring companies to expense stock options introduces a mythical value into the accounting system. Our stock price has gone from \$60 to \$2.25, and up to about \$4.25 now. Stock options have been granted along the way down as the stock tanked; many employees have never exercised their options. Why introduce an arbitrary expense value into the balance sheet?

Please oppose expensing stock options. Thank you.

Marilyn Moore
Non-management Individual Contributor