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From: Sent: To: Subject: Scott Law [Scott.Law@Sun.COM] Tuesday, June 22, 2004 3:03 PM Director - FASB; Patricia Cole File Reference No. 1102-100

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Gentlemen -

As an experienced financial manager, I would like to voice some opinions to the stated FASB proposal on stock option expensing guidelines.

An important part of useful financial statement preparation and analysis is the clear link between income statement and balance sheet

Accounting regulations that divorce expense statements from balance sheet impacts, especially cash/future cash obligations or cash due, complicate the clear presentation of a firm's health.

For stock option expensing, expenses would be based on future option values using economic models. How would analysts/shareholders be able to compare forecasted option obligations expenses of a high beta/newer company in high tech or biotech with blue chip firms of low beta, years of history?

Firms like Sun, Google, Cisco, would be saddled with very large expenses on income statements for future obligations that have no impact on the current operations.

Of course, much of accounting is based on estimates/judgement calls on asset However, the further accounting practice deviates from clear links to the tangible assets/liabilities, the less comparability we have between firms.

It seems to me a better approach is to clearly footnote the possible obligations, while clearly noting the cash expenses of option purchases AT THE TIME of the transaction.

I have personal interest in options as a long time mid level employee, but also have seen the unintended impacts of misapplied accounting standards. I hope the FASB will help our profession in keeping financial statements clear, comparable and useful.

full regards

Scott Law