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Letter of Comment No: 2942 File Reference: 1102-100

From: Sent: Joel Sullivan [user@domain.invalid] Tuesday, June 01, 2004 4:53 PM

To:

Director - FASB

Subject:

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To the director and members of the FASB:

Thank you for your soliciting and considering feedback of citizens such as myself.

Three of the most important questions which must be asked when considering a change to mandatory expense reporting are:

- Does it increase the accuracy of a company's expense reporting?
- Will it benefit US employees and investors?
- Will it benefit the US economy?

In the case of mandatory stock option expensing, the answer to all three questions is "no".

Assigning a speculative value to stock options which have not even vested, for the purpose of lumping them into an expense figure, is both inaccurate and misleading. There are much better ways for companies to report stock option grants. This has been explained well in the prior letters which I found posted on your web site.

Furthermore, the proposal would force companies to cut back or discontinue broad-based stock option grants—a key to employee motivation. Isn't it clear that ALL investors lose when employees are not invested (both literally and figuratively) in the future of their company? The only winner in this game would be foreign companies, who would benefit from America's decreased competitiveness.

It would be irresponsible to ignore these important issues and mandate stock option expensing based on reactionary rhetoric.

Accurate reporting of stock options is desirable, but this proposal would steer us in the opposite direction. It would create fictitious expenses that hurt US companies and employees, forfeiting motivation and innovation to countries with more carefully considered accounting practices.

Thank you for your consideration.

Joel Sullivan US Citizen living in San Diego, CA Employee of Sun Microsystems, Inc.