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From: Jackie.Davis@Sun.COM on behalf of Jacquelyn (Jackie)
Sent: Monday, June 07, 2004 11:23 AM
To: Director - FASB
Subject: File Reference No. 1102-100

Letter of Comment No: 3657
File Reference: 1102-100

To Whom This May Concern:

File Reference No. 1102-100: I am opposed to the expensing of Stock Option in Corporate Financial statements. I believe this it unfair and unjustified and will have a negative impact on the corporation, employee and US economy.

I believe stock options drive positive and productive behavior in employess. It incents loyalty and commitment to the overall success of the corporation which in turn contributes to a better economy. If employers are required to start expensing stock options most likely they will be forced to stop such programs or limit their distribution which ultimately impacts the employee. Furthermore, it is unfair to charge an expense for something that is in the future and unkown. An example of this is are the stock options I received early in my career at Sun which are now worthless because of the state of the economy. This devaluation of Sun's stock had nothing to do with poor management of the company rather the politics of government and the economy in general. Thus, why should the corporation be penalized, especially when they have no control over the economy?

In conclusion, the issue of mandatory expensing of stock options has broad consequences to both the economy and national security, and it therefore must be examined in that broader context; not merely as a pure accounting issue.

The "Broad-Based Stock Option Plan Transparency Act of 2003," HR 1372 and S. 979, requires greater disclosure to give investors more useful and accurate information, places a three-year moratorium on mandatory changes to stock option accounting, and mandates a study by the Department of Commerce to evaluate the effects of broad-based stock option plans on employee recruitment and retention, innovation, economic growth, and U.S. competitiveness. The "Stock Option Accounting and Reform Act," H.R. 3574 and S. 1890, requires (1) expensing of stock options granted to the top 5 corporate officers using means reflecting theimpossibility of accurately predicting future stock price volatility and exempting small business and recent IPOs, and (2) a prohibition on mandatory expensing of broad-based plans unless and until the FASB develops a "truing up" mechanism and a similar study as in HR 1273 has been completed.

These bills provide a reasoned approach to this issue that is responsive to investors, employees, and to the nation's economic and security interests. We urge you to support enactment of either bill.

Regards,

Jacquelyn Davis

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