Letter of Comment No: 3651
File Reference: 1102-100

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From: Sue Tobin [Susan.Tobin@Sun.COM]
Sent: Sue Tobin [Susan.Tobin@Sun.COM]
Thursday, June 03, 2004 11:40 AM

To: Director - FASB; I

Subject: Expensing Employee Stock Options File Reference No. 1102-100

Hello,

I am writing in regards to File Reference No. 1102-100. I do not believe that companies should be required to expense employee stock options. If it does become a law, the majority of the companies that currently offer broadbased employee stock options will no longer do so. This at the expense of the tech worker.

Stock options most definitely make a difference for the US economy and US competitiveness. Stock options are very important to me and most of my co-workers. It would be detrimental to the financial health of the tech workers and to the tech companies to make this a law.

The FASB has not fully taken account of the fact that these options are: nontransferable; cannot be hedged; are long-term with typical vesting periods of four years and exercise periods of 10 years; generally forfeited if an employee leaves the company or is terminated prior to vesting; and, most importantly, that no market currently exists for trading employee stock options. Because of this their current models grossly overvalue, and therefore penalize, broad-based employee stock option plans.

Nor has FASB permitted any means to "true-up" an expense in later years. For instance, in July 2000 Sun granted options that under Black-Scholes modeling would have resulted in a \$647 million hit to our bottom line. All these \$45.09 options are now deeply underwater, yet under the FASB proposal Sun would have no opportunity to correct, or true-up, our financial statement.

Why risk the financial health of US employees and US companies with a law that has such vague interpretation?

I ask you to please reconsider your position on this issue.

Sincerely,

Sue Tobin

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