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From: Darlene.Yaplee@Sun.COM on behalf of Darlene Yaplee
Sent: Wednesday, June 02, 2004 5:56 PM
To: Director - FASB
Subject: File Reference No. 1102-100

Letter of Comment No: 364/
File Reference: 1102-100

Director of FASB,

I am writing in support of not expensing stock options as an employee, investor and a concerned citizen.

Broad-based employee stock options make a difference. Not only for me and my family, but also for the US economy and US competitiveness. The US is founded on capitalism that incents individuals to contribute to the overall output, innovativeness and productivity of our country. For this, individuals are rewarded accordingly. This is the basis of the success of the US and admired by countries worldwide. We must continue to reward the entrepreneurs of our country and the employees that support these endeavors. Stock options have been significant in the redistribution of wealth in our country and the underscoring of our meritocracy. I look at my own experience of benefitting as an employee and receiving options. Given I was raised in a single parent family with a mother who did not graduate college, I have benefitted from working for a company that has rewarded me with options. I am now at a point where I can own a house and easily fund the education of my child. This would not have been available to me without the benefit of options.

Current models grossly overvalue, and therefore penalize, broad-based employee stock option plans. The Black-Scholes and binomial models advocated by FASB for valuing options at grant date do not take into account their unique nature. In particular, 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.

I ask that the FASB stongly consider the non-expensing of stock options. That we as a society do not overreact and throw the baby out with the bath water given the financial scandals by a few. Let us know penalize the low to mid class workers of society that have benefitted substantially from stock options and have enjoyed the benefits of their risk and hard work.

Regards,

Darlene Yaplee