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Letter of Comment No: 2884
File Reference: 1102-100

From: Ron Ten-Hove [Ronald.Ten-Hove@Sun.COM]
Sent: Tuesday, June 01, 2004 1:35 PM
To: Director - FASB
Subject: File Reference No. 1102-100

Sir,

I am most concerned about the recent proposals concerning accounting for employee stock options. The net result of the proposal wound be a huge reduction in broad-based stock options commonly used by high-tech employers, including my own employer, Sun Microsystems. In my opinion, this will damage the companies concerned, since it will remove a strong, long-term incentive for employees to a) remain with their employers, and b) align their interests with those of the stockholders of the companies involved.

I addition, the notion of trying to predict the future value of exercised options seems ludicrous. I myself hold some options in Sun Microsystems, granted a few years ago, and priced at about $46 per share. The stock is currently trading at less than one tenth that price, yet the proposed rules would have had Sun account for such options as an expense, with no ability to restate the expense later. This makes no sense at all to me, an engineer, nor to my wife, who holds an MBA, who says this proposal isn't consistent with any principles of accounting that she is aware of.

If enacted, the proposals will damage, if not eliminate, the system of broad-based employee stock options, which has served so well in promoting employee ownership (and accountability) in the high-tech industry. In addition, the proposals further damage the credibility of the accounting profession, undermining a trust that is a necessary foundation of the free market economy. Please reconsider these proposals.

Yours sincerely,
Ron Ten-Hove