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Letter of Comment No: 2877
File Reference: 1102-100

From: Paul Martin - Sun Microsystems Labs BOS [Paul.A.Martin@Sun.COM]
Sent: Tuesday, June 01, 2004 2:12 PM
To: Director - FASB
Subject: File Reference No. 1102-100

Madam or Sir;

I am writing to express my opposition to expensing stock options in publicly held companies.

I have worked for Sun Microsystems for more than a decade, and I have seen that their use of stock options is extremely broad-based and serves as a very effective way to motivate employees at all levels of the command chain to work for the long-term good of the entire company.

I have also observed the wild swings in what the "value" of a set of options really is, and this observation makes me deeply suspicious of any accounting scheme that "values" the options at the time they are issued. And any scheme that adjusts their "value" during the period that they are alive is doomed to be a reflection of the company's stock price, rolled most inappropriately into the accounting of the company's performance.

In conclusion, in reference to your File Reference No. 1102-100, my experience shows broad-based employee stock options to be a potential watering of the stock -- and thus in need of complete reporting and stockholder approval -- but not an expense to be accounted for in a manner that subtracts them from the company earnings. They are the best tool a technology company can use to motivate employees at all levels to work for the best long-term interests of the stockholders.

Sincerely;

Paul. A. Martin

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