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Letter of Comment No: 5208
File Reference: 1102-100

From: Rama.Bethmangalkar@Sun.COM on behalf of Rama f
[Rama.Bethmangalkar@Sun.COM]
Sent: Wednesday, June 23, 2004 2:43 PM
To: Director - FASB
Subject: File Reference No. 1102-100

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Dear Chairman Herz,

Thank You for taking time to read this message. I am writing to express my views regarding the Stock Options expensing issue.

Ten years ago, the FASB had a similar proposal (to expense Stock Options) and the FASB did the right thing (in hind sight) of not enacting the rule. The success of innovation in the tech industry is a testimony to that decision.

Now, ten years later, we are in a similar situation. Let us ask ourselves, why are we trying to mandate Stock Option expensing.

1) Is it because a few top executives in a few companies misused & abused the options ?

OR

2) Is it because there has been tremendous advancements in the science of Accounting that enables us today to accurately account options ?

My understanding is it is because of #1 and financial & accounting experts have repeatedly said that there is no "accurate" way to expense stock options.

We all understand that we need to enact rules & laws that prohibit top executives in companies to misuse stock options. But let us remind ourselves that the solution should not hurt an average worker in the tech industry.

A central goal of post-Enron reforms is to limit "abuse at the top" without penalizing the rank-and-file worker or reversing the positive national trend toward broad-based employee ownership. Expensing stock options would do exactly the opposite - expensing would likely eliminate the use of options for middle management and rank-and-file workers, as many companies that widely distribute options will be deterred by the prospect of a significant and distorted impact on earnings.

And at the end of it all, we would not have stopped the possibility of misuse by top executives and in addition, rank-and-file employees would not be part of the companies they so passionately work for!

I urge you to reconsider the mandatory expensing rule & do the right thing taking into account the interests of "all" the concerned stakeholders.

Thanking You,

Best Regards,
-Rama

Rama Bethmangalkar
Member of Technical Staff,
Sun Microsystems Inc.
Santa Clara, CA - 95054
email: rama.bethmangalkar@sun.com
phone: (408) 2763287