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Letter of Comment No: 5201
File Reference: 1102-100

From: Larry Ciraulo [Larry.Ciraulo@Sun.COM]
Sent: Tuesday, June 22, 2004 1:39 PM
To: Director - FASB
Subject: File Reference No. 1102-100

re: File Reference No. 1102-100

To whom it may concern:

Regarding File Reference No. 1102-100, the FASB proposal requiring companies to expense stock options, I feel compelled to state my objection to this proposal on the grounds that it will almost certainly have a negative impact on the competitiveness and innovation that is currently a hallmark of both my employer and the ultra-competitive hi-tech industry in general.

I firmly believe, as has been argued, that stock options issued by my employer do not cost the company any money, even though they do result in share dilution for investors if and when I exercise any options granted to me. Share dilution should be of concern to *anyone* investing in a publically traded company, and such investors need only exercise due diligence by reading the regular quarterly and yearly reports where options dilution exposure is documented to decide if they should invest in a company that issues stock options as an incentive tool for employees.

As an employee of a large and well-known hi tech company in Silicon Valley for the past 11 years and a recipient of numerous stock option grants awarded me by my employer for my hard work and achievements, I can attest to the impact that the stock options program has made on my both my choice of employer and on my incentive to do whatever it takes to make my employer competitive and profitable. Options programs are a differentiator amongst employers, and such programs are instrumental in attracting and retaining top talent. The existance of a stock options program was a determining factor for me when choosing my current employer.

Options are a risk/reward tool- I risk missing opportunities with other potential employers that do not offer options in order to (hopefully) realize a significant reward if my hard work results in large and beneficial increases in the competitiveness and profitability of my employer. Without such incentives, it is much less likely I would remain as dedicted to my employer or work the extra hours I do not get compensated for. This, if shared on a wide scale, would surely result in a less competitive, less innovative company (and tech industry), and I would argue that exactly the opposite is what is needed to keep America strong and competitive in a global market.

Sincerely,

Larry Ciraulo