

ikon

From: James.Mott@Sun.COM on behalf of James Mott [Jam
Sent: Monday, June 21, 2004 7:02 PM
To: Director - FASB; James.Mott@Sun.COM; james.mott(
Subject: File Reference No. 1102-100

Letter of Comment No: 5197
File Reference: 1102-100

File Reference No. 1102-100

Director and members of the FASB:

As an inventor (I hold three patents and have seven more filed with the U.S. patent office) I believe that my innovations have served to improve the profitability of my employers, and will be of lasting impact to the competitiveness and resilience of the national economy.

For my family, personally, stock options have provided:

- 1) a portion of a house down payment;
- 2) a portion of the funds needed for my children's college expenses. and will (hopefully) provide a secure retirement for me, in return for my contributions to my employer and the economy.

The impetus behind these standards (excessive executive compensation) will NOT be curbed by these proposed rules. It will ONLY impact this method of compensation. The proposed standard is therefore FLAWED in its PREMISE: it is unlikely to correct the abuses in executive compensation.

The CURRENTLY PROPOSED STANDARDS for expensing stock options have OTHER SERIOUS FLAWS:

First, Stock options have no value until exercised. They may not be exercised AT ALL if the stock loses value, or the employee fails to exercise them, due to expiration of the options or the employee ending their employment, as often happens.

Second, The standards do not allow for corrections when options are abandoned, or are worth less than their exercise price, so that the suggested option accounting implementation will be wildly inaccurate when appearing in corporate statements. e.g. I currently have stock options with an exercise price of \$40.00. The stock closed today at \$4.08

Third, Stock Option values. The cost is not to the corporation, but to the stockholders via stock dilution. This impact can and should be shown in the quarterly and annual reports through full disclosure of outstanding shares and their status. Many corporations already do this. THIS is a better way to handle stock options.

Fourth, The impetus behind these standards (excessive executive compensation) will NOT be curbed by these proposed rules. It will ONLY impact this method of compensation.

Fifth, I and many other relatively LOW INCOME innovators, inventors and workers will be SIGNIFICANTLY hurt if we no longer share in the value we create for corporate shareholders. This will have a HUGE impact on the economy, as well as the long term value of companies' stock to their shareholders.

Please abandon this proposed set of standards.

Thank-you,

James Mott