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Letter of Comment No: 3642
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From: Sallie Lycette [Sallie.Lycette@Sun.COM]
Sent: Wednesday, June 02, 2004 6:08 PM
To: Director - FASB
Subject: File Reference No. 1102-100

I am writing to express my opinions on FASB's proposed expensing of employee stock options. As a current employee of Sun Microsystems and a 20+ year veteran of Silicon Valley, I've observed a system that really works.

I learned in business school that companies exist to build shareholder value. As an employee who is helping to build that value, I have an excellent short-term reason to work hard - my paycheck and my wish to continue to see it regularly - and a long-term reason to work hard - the chance that my stock options might appreciate. If my company and its peers were forced to expense stock options, employees would likely not receive nearly the level of stock options that we currently receive and it would kill a lot of the incentive to work hard for the long-term. That would not do much to build shareholder value and I don't see how this benefits anyone.

The proposal as it stands does not make sense to me for the following reasons: 1) Costs for employee stock options are already reflected in diluted EPS, which is disclosed via regular earnings reports, and 2) Current valuation models don't provide an accurate valuation of employee stock options. Why are you looking at implementing something so flawed?

I am at a loss to figure out why you are even pursuing this issue. We are in uncertain economic times -- layoffs are a daily reality, we're at war, many jobs are moving off-shore, accounting scandals pop up regularly on front page of the newspaper, and my generation is pretty much guaranteed that the Social Security system that we have diligently paid into likely won't payout for us. I know that FASB does not have jurisdiction over most of the issues I just mentioned, but my point is, let's stop focusing on "fixing" a system that already works and focus instead on fixing some of the many things that are truly broken.

Please give us the chance to continue to share in the success of our employers!