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File Reference: 1102-100

From: Stacy Fox [Stacy.Fox@Sun.COM]
Sent: Tuesday, June 01, 2004 6:50 PM
To: Director - FASB
Subject: File Reference No. 1102-100

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Dear director,

I wanted to take a moment to respond to the accounting happenings surrounding equity compensation plans. I happen to work in equity compensation and I have seen the good (.com days) and the bad (post Enron) of these programs. But my issue is that with the on-set of expensing options and ESPP, the rank and file will suffer the most, not executives staff.

Companies offer stock options and ESPP for the benefit of employee ownership and hopefully, sharing an increased share price. With the expensing deadline looming, I am sure that the first cuts will be broad based option programs and ESPP, altogether. I am sure this is not the purpose for expensing, but rationally speaking, this is what I see as the future.

What makes this even more of an issue for me is that most option recipients have had underwater options for over 3 years now. Morale is already low, especially here in Silicon Valley. But yet a company must expense an option that may be undoubtably worthless? This makes no sense to me. I understand that companies should expense something for options, but if the shares are priced higher than current market conditions, how does that seem appropriate? Us rank and file folk have been told that options are part of our compensation and that ESPP is a program that all employees can take part in. In fact, in my case, the only way I was able to buy a home in California was through a same-day sale of a vested stock option back in 1999. How are companies supposed to make up for these programs being cut? Cash bonuses??? I highly doubt it.

I hope that FASB realizes who will truly be effected by expensing. The rich will continue to get richer and us rank and file folk will continue to get screwed.

Thank you for your time.

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