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Letter of Comment No: 2879
File Reference: 1102-100

From: Robert Drost [Robert.Drost@sun.com]
Sent: Tuesday, June 01, 2004 1:39 PM
To: Director - FASB; robert.drost@sun.com
Subject: File Reference No. 1102-100

Re: File Reference No. 1102-100

Dear Financial Accounting Standards Board,

I would like to express a few comments during your public comment time period.

I joined Sun Microsystems directly after completing my Bachelors and Masters in Electrical Engineering from Stanford University and have worked with Sun for about 11 years now. I have been promoted and taken on challenging research and engineering projects, and have received reasonably sizable stock option incentives through the years. Still, the majority of my compensation has been salary, bonuses, health plans, and in my case Sun funding my Doctoral research work at Stanford University. The research work produced 8 US patents, and Ph.D. in Electrical Engineering with a minor in Computer Science for me. While stock options have been a smaller part of my overall compensation from a monetary perspective, they are a special part that provides a different, effective incentive for long term growth.

It seems strange to expense stock options using an options pricing model that deals with the uncertain 8-year value of the options by guessing some sort of "average" return. That's not how I and colleagues view stock options. The options help drive our desire to make significant contributions that significantly increase the value of the company, not to produce average improvements in our companies technology and competitive position. I have heard all the media hype about overcompensated executives, but have not seen that kind of crookedness at Sun. Instead I see significant stock options plans that distribute appreciate pieces of the incentive piece to the broad range of employees at, above, and below by level. I suspect there were some poorly run companies where the executives were out of control, but if the majority of companies are more like Sun, then we would be doing more harm by hindering a very effective compensation tool in order to protect the public from unscrupulous companies. In any case, I believe crooks are crooks, and they will find some other means to rip off their stockholders.

When I have traveled around the old economies of Europe I have observed less entrepreneurship. It appears that in those countries governmental policies place barriers for companies to set up shop, entice the best people, and compensate them in a way that motivates them in-line with companies goal for substantial growth. New economies in India and China appear to be doing a better job at this. I hope that the US avoids the mistakes of becoming saddled by ineffective or misguided regulations that ultimately are harmful to the overall competitiveness of our country's companies and employees.

Thank you for taking the time to review my comments.
Robert Drost