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Letter of Comment No: 2514
File Reference: 1102-100

From: Art.Weigel@Sun.COM on behalf of Art Weigel [Art.Weigel@Sun.COM]
Sent: Tuesday, May 18, 2004 1:32 PM
To: Director - FASB
Cc: art.weigel@Sun.COM
Subject: Stock Options, File Reference No. 1102-100

To Chairman Robert H. Herz,

This letter is being sent to voice my concern over the FASB draft plan to treat stock options as a company expense, as defined in File Reference No. 1102-100.

Over my past 16 years of employment at Sun Microsystems, employee stock options have been an important factor in my decision to remain at Sun. Through the growth years, these options motivated employees such as myself to work harder and longer to meet company goals. This not only promoted company innovation, but also increased organizational efficiency through avoidance of employee turnover and the non-value employee replacement added training efforts that it brings. Employee stability has never been more important than during this current period of economic uncertainty.

During the strong economic times of the past, the personal gains from my options have helped my wife and I send our two children to college -- improving the innovative and technical capabilities of this country's future work force. Option gains that I've invested in home improvements have resulted in a higher property tax-base for the state of California.

Overall, I see this effort as having a strong negative impact on those people whose work drives this country's economic and technological innovations. 87% of Sun's options shares have gone to rank and file employees below the VP level. Using the Black-Sholes model, this effort will also negatively impact corporations' financial statements by overvaluing the financial impact of employee stock options at the time they are granted. Sun's July 2000 options, for example, would have resulted in a \$647 million hit to its bottom line. All these \$45.09 options have been deeply underwater for the past two years, yet under the FASB proposal there is no process to correct, or true-up, previous financial statements.

Until an accurate method to value employee stock options is proposed and agreed to among accountants, I sincerely hope that common sense prevails and that reporting of the impact of options be limited to that currently shown in quarterly and annual reports through full disclosure of outstanding shares and their status.

Art Weigel

Sun Microsystems, Inc