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From: John Fanelli [john.fanelli@sun.com]
Sent: Thursday, June 10, 2004 7:29 PM
To: Director - FASB
Subject: File Reference No. 1102-100

Letter of Comment No: 3639
File Reference: 1102-100

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I am writing to you to express my concern over the current FASB proposal regarding employee stock options.

I am currently an employee of Sun Microsystems I can attest to the importance of stock options to driving creative thinking at both companies as large as Sun as well as smaller companies. I was previously employed at a small company (prior to the term 'start-up') in the mid 1990's. I was granted options in the company and after it was purchased, I was able make money on the options. In this case, it was not millions, but thousands. Those thousands made a big difference for me as a sub-30 year old. Without those options, I would not have been able to complete my MBA, start a new career and move to the West Coast.

Independent of the effect of not having options to drive innovation and make a difference in employee's lives, I am concerned about how to accurately value the options. In the course of earning my MBA degree, I studied economics, finance and accounting. During those classes, we discussed the difficulty in establishing prices for options. Of course, these options (and the pricing/accounting of them) varies over time as the stock market fluctuates. How/who determines what time is the right time to value the options? Is it when they are worth the most, the least, averaged? How do you average over multiple grant periods, stock splits, etc.

Please think carefully about the implications that this proposal will have for those of us in the high tech industry.

Sincerely,

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