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From: Sean Dillman [Sean.Dillman@Sun.COM]
Sent: Seav. June 01, 2004 1:56 PM

To: Director - FASB

Subject: File Reference No. 1102-100

June 1, 2004

To: The Director, Financial Accounting Standards Board

RE: File Reference No. 1102-100

Dear Sir or Madam:

I am writing to comment on proposals to require mandatory "expensing" of stock options. While not an economist, my overall view is that this may be an overly heavy-handed solution to a problem widely publicized by a number of individuals who did not play by the rules. However, it is from my personal experience, and not macroeconomic speculation, from which I wish to speak.

Letter of Comment No: 2870

File Reference: 1102-100

I work for Sun Microsystems, a NASDAQ-traded company with about 32,000 employees worldwide. I started as a low-level engineer, and have had one promotion over the 7 years I've worked for the company (due to economic conditions and the company's financial performance, there have been no promotions other than executive reorganizations in the company for the last 4 years). Historically, in a company of this size, raises rarely exceed 5%. In good years one might receive bonuses totalling 5-10% of their base salary in addition (in our case, it has again been 4 years since we've had a significant bonus). So, while software engineers in general are relatively well compensated, and I'm grateful to be employed in this economy, period, if one comes into a large company such as this at a relatively low salary, it is difficult to really attain what most of us would consider a piece of the American Dream: A home of our own with relative financial security, where one is beyond simply living from paycheck to paycheck.

Speaking again from my own experience, software engineers — and others who work in similar fields where the primary investment is in R&D and whose lifeblood is bringing quality, business-critical products to market — are well-paid for a reason: they often have to work long hours without break, spend personal time keeping up on technological developments and, as markets expand, extend the workday on a reqular basis in order to have conference calls with colleagues and customers in India, Europe, Asia, as well as different time zones in the US. But particularly with technical work, it is the long hours which are the most difficult thing about hardware and software development. For me, stock options have always provided an incentive to spend the extra 15 minutes giving it one more try, to make the extra phone call, to maybe get up early or even in the middle of the night to try a new approach.

In terms of value, I've seen the best and worst of times at Sun. In what is probably a typical scenario, I've had 5 different managers in slightly over 7 years. I've done better than the typical performance by being awarded options by each of these managers. These have all been discretionary awards given out by managers to reward past performance and provide future incentive, and there have been times (such as the case with my most recent award: the only one that isn't currently of negative value) where salary action was not possible, and stock options were one of the few, and most effective tools at my manager's disposal.

As for how I fared, during the height of our stock's value, I was able to make a nice profit, buy a small property, paid for my wedding, and

put some money aside. Had I played things perfectly, I might have even been able to move from middle to upper-middle class, but I did get what I earlier stated as at least a small, but significant part of the American Dream: Not only a home, but some security beyond the next couple of paychecks. I have this now, thanks to the brilliant people who founded Sun Microsystems, our visionary and loyal customers, and to some degree to my own hard work and my managers' recognition of it.

Not all of my experiences with stock options have been good: most of mine that have vested are worthless, and in fact I even purchased some which are now at a considerable loss. Their value, after years of hard times in high-tech in general and for Sun in particular, has become something of a running joke. Yet in this environment, they provide even more incentive: to have something that could be worth something, but only if you and the entire company execute well, is perhaps the greatest incentive there is (particularly when raises and bonuses are still off the table). And should the company, or employee, have to pay for these stocks outright, when many (in my company's case, the vast majority) will never be exercised?

I've thought long and hard about this, and my passionate feeling is that painful lessons too are part of the American Dream. Ordinary, non-executive employees should have the chance to experience them too.

Thank you for your time and consideration,

Sean P. Dillman 51 Biueberry Hill Lane Sudbury, MA 01776