ikon

From: Sent: To: Mike Nelson [Mike.Nelson@Sun.COM] Tuesday, June 01, 2004 2:24 PM

Director - FASB

Cc: Mike.Nelson@Sun.COM Subject: File Reference 1102-100

To: FASB Director

Subject: File Reference 1102-100

Date: May 31, 2004

Dear Mr./Madam Director,

Please take a moment to consider my input regarding the issue of corporate expensing of employee stock options. I am opposed to the change in accounting for three major reasons.

Letter of Comment No: 2866

File Reference: 1102-100

First, there seems to have been insufficient study and analysis to determine the true impact of employee stock options on firms' performance and more importantly, on shareholder value. My sense is that Sun Microsystems has, over the long run, created substantial returns for shareholders in excess of what would have been created had many employees been working only for a straight salary.

Second, a significant portion of my own long-term compensation from Sun may derive from stock options, although to date I have not benefitted from the exercise of options. I am counting on this vehicle — and Sun's continued use of a fair number of options to a broad base of its employees — to assist in the higher education of my four children and to augment my retirement plans.

Finally, as with many leading-edge, high-technology companies, ours is a risky business; this is evidenced by our 20+% workforce reduction over the past three years. Rewarding employees with fairly-priced, widely distributed stock options which vest over five years creates additional incentive and a see-it-though attitude that helps the company, its tens of thousands of owners and ultimately our economy, to flourish.

For these reasons, I urge the FASB body to enact no change to the accounting for employee stock options. If the proposed changes are made, Sun Microsystems and many other firms will, I believe, lose a valuable tool that now helps us find and motivate a workforce that, in turn, yields an important national resource - competitive advantage in the form of innovative and state-of-the-art products and services.

Sincerely,

Michael S. Nelson Sun Microsystems Burlington, MA

Mike.Nelson@Sun.com