

ikon

Letter of Comment No: 3007
File Reference: 1102-100

From: Stacey Sutay
Sent: Wednesday, June 02, 2004 9:40 AM
To: ikon; Karen Salmansohn
Subject: FW: Opposed to FAS 123

-----Original Message-----

From: Stephen.Beals@Sun.COM [mailto:Stephen.Beals@Sun.COM]
Sent: Tuesday, June 01, 2004 4:06 PM
To: George Batavick; Mike Crooch; Robert Herz; Gary Schieneman; Katherine Schipper; Leslie Seidman; Edward Trott; Judy Solo; Michele Kilcran
Cc: sgmstaff@Sun.COM; Stephen.Beals@Sun.COM
Subject: Opposed to FAS 123

To:
FASB Board Members/Exec Staff:

I am an employee of Sun Microsystems, Inc and reside in San Mateo, CA. Part of my compensation is participation in Sun's Employee Stock Purchase Plan and the ability to receive performance Stock Options. Because of these incentives, I'm motivated to work not only harder but to align my efforts to achieve greatest shareholder value. These plans benefit me only when Sun's other shareholders benefit.

I am greatly opposed to FAS 123 for the following reasons:

1. I don't want to lose my incentive for better performance - I participate fully in ESPP and am thrilled to receive annual options for my hard work.
2. As a shareholder in Sun, I know that the rank and file of individual contributors are aligned with creating greater stock value (over 88% of Sun stock options are awarded to employees holding job titles lower than VP).
3. FAS 123 will hurt the high-tech industry in recruiting the "best and the brightest". Many offshore companies are using stock incentives to recruit and this will increase the off-shoring trend.
4. FAS 123 doesn't make sense from an accounting standpoint - options are impossible to accurately value in advance. I don't understand how an inaccurate expense value for options can create a more accurate balance sheet.

Please don't use this vehicle to try to force more honesty in the executive suite. It just won't work to that end, but it will decrease America's corporate ability to compete in the international marketplace.

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My Best Regards,



Steve Beals
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