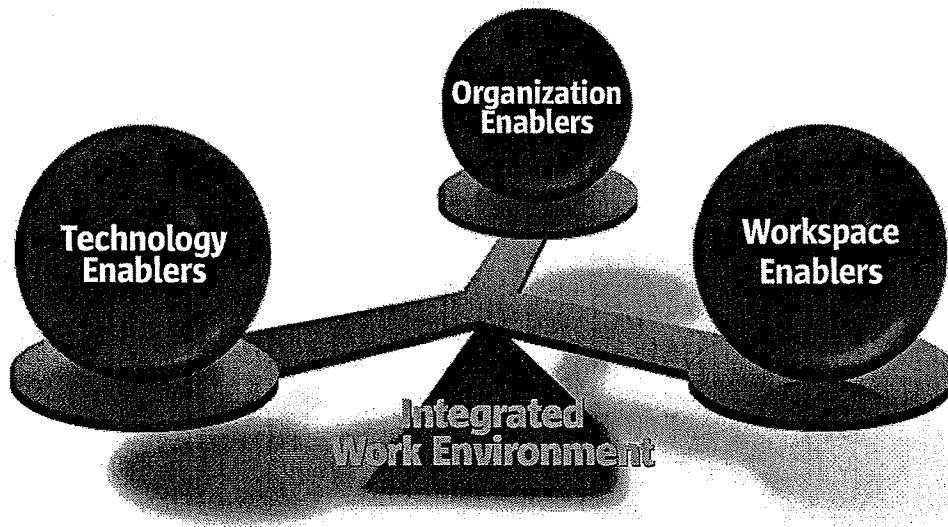


Sun's Integrated Solution



INTEGRATED WORK SYSTEMS DESIGN

across the largest components of an enterprise cost sheet
IT, HUMAN CAPITAL, & CORPORATE REAL ESTATE

1. Technology Enablement - Sample

Connecting the workforce with the people and information they need regardless of location



Real time meetings with documents → WebEx

File sharing / team rooms → SunWeb Collab

Global Session Mobility → SunRay/Java Card

Telephones and faxes → Accessline and VOIP

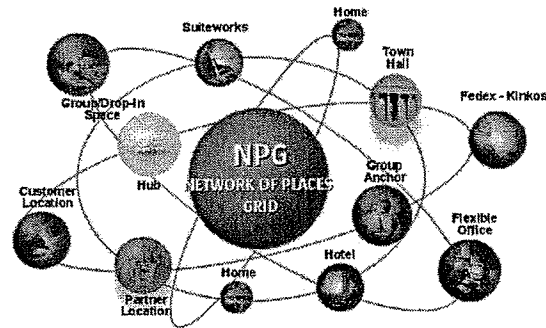
Casual chats and one-on-one's → Email and IM

2. Network of Places

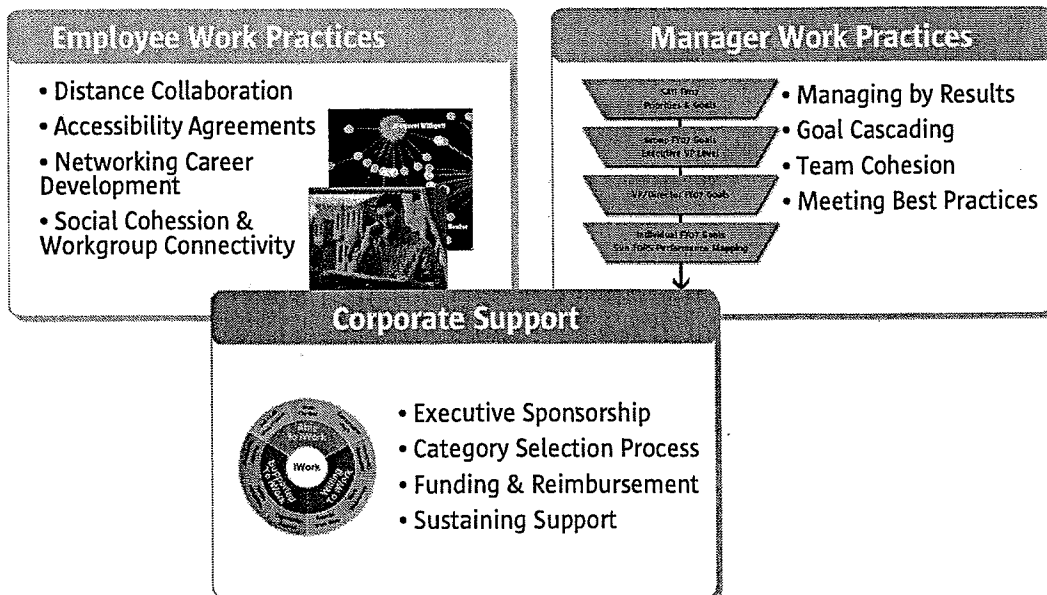
Combining new best practices with new ways of using existing space can change the work environment significantly . . .



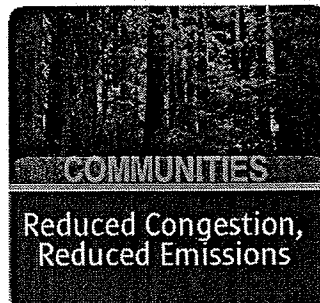
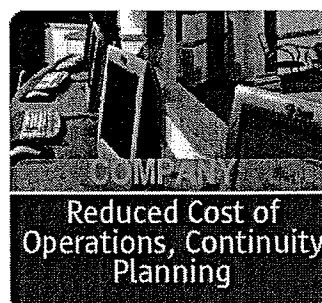
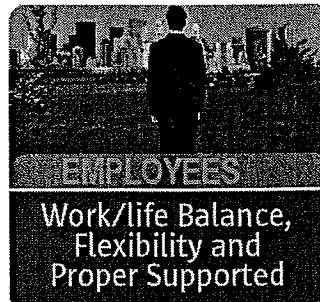
Sun's Internal Network



3. Organizational & Operational Infrastructure



Open Work — Benefits



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Sun Open Work Program Impact

HUMAN CAPITAL

- Employee Performance (proxy measure for knowledge worker productivity) – Work From Home employees rated higher in multi year study as compared to flex or assigned. No significant difference between flex and assigned
- Employee Voluntary Turnover- no statistical difference between 3 categories but home assigned lower by 6%
- Power of Sun - # 1 reason why employees would recommend Sun as a great place to work
- "Boomerangs" - #1 reason why executives return to Sun

REAL ESTATE

- Approximately \$500 M cost savings/avoidance over the life of the program from increased utilization of the real estate (~\$70M/yr)
- Consolidation of underutilized space is possible because of organizational agility
- Space demand is no longer tightly linked to dynamic and inaccurate headcount forecasting
- Cost to move/restack is almost \$0

INFORMATION TECHNOLOGY

- Approximately \$100M in technology related savings over life of program from thin client, common web infrastructure and desktop infrastructure (\$25M/yr)
- Vastly reduced system administration overhead, with increased availability and security
- Significant cost saving as a result of reduced power consumption (\$3M annually).

BUSINESS CONTINUITY

- Ability to distribute workforce immediately
- Systemically insulated from natural and man-made disasters, pandemics, and any other form of business disruption

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Lessons Learned

1. Collect Data:

- > Understand your workforce (ability, willingness, support)
- > Create a solution based on data in support of business goals

2. Communicate:

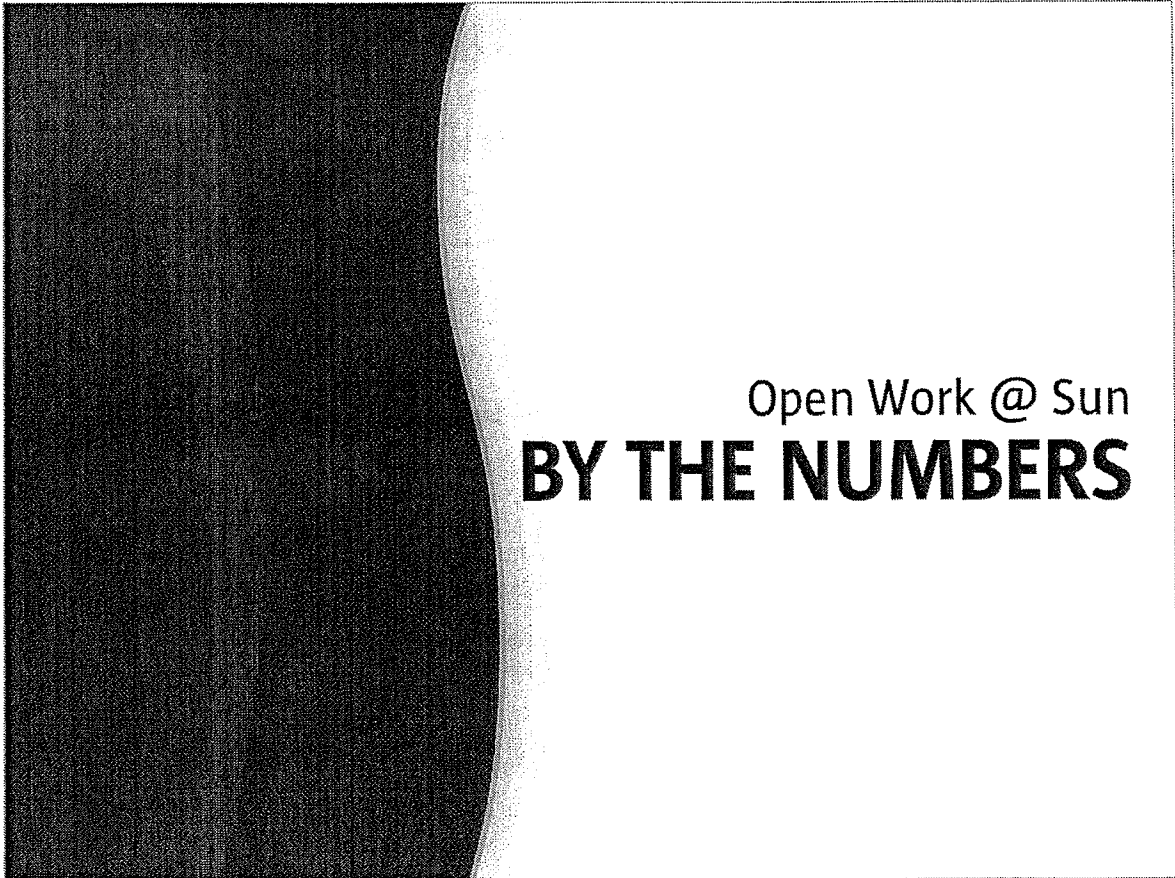
- > Sr. Management sponsorship and public support
- > Develop effective, broad, and regular communication (website, handouts, posters)
- > Celebrate change leaders

3. Continuously Improve:

- > Monitor, measure, report out (best practices)
- > Introduce new elements, EOL old elements (PLC focus)

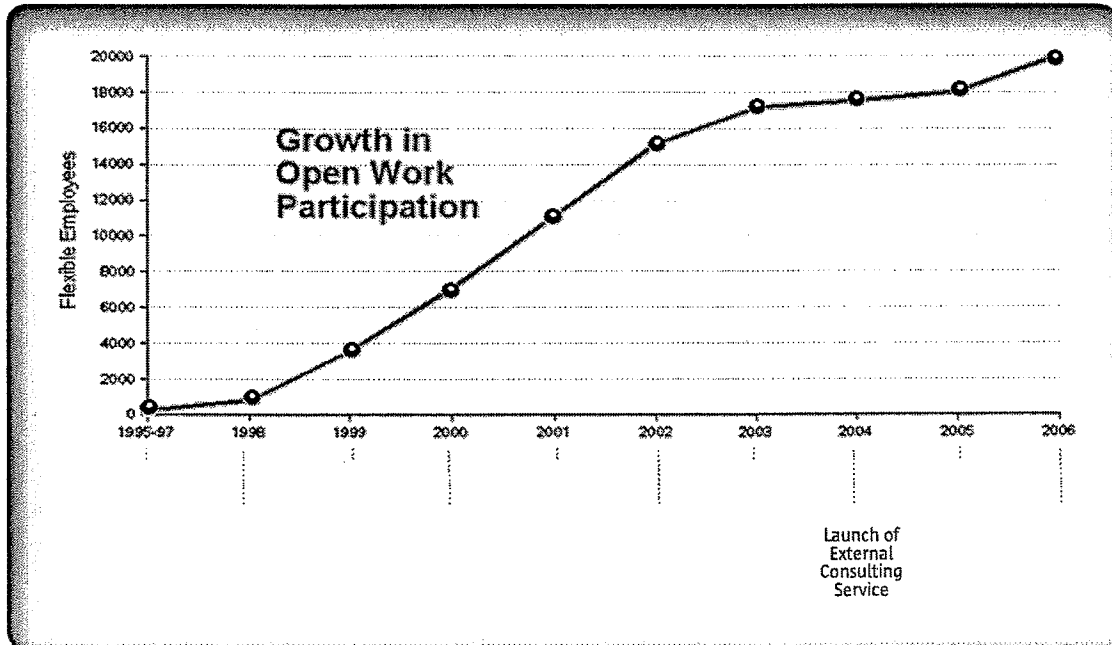
4. Support:

- > Get technology enablers in place (follow-me phone, reservation system)
- > Build an effective education system for end users
- > Develop required new skills for delivery and sustaining program success



Open Work @ Sun
BY THE NUMBERS

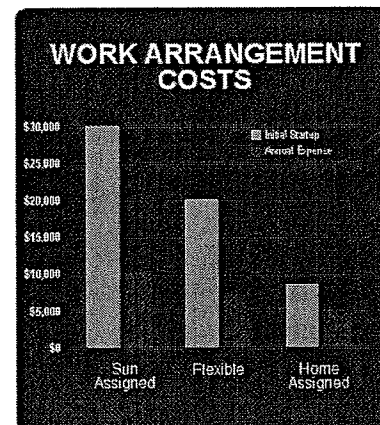
Open Work Program Development Highlights



When Are We Done?

Program Impacts - Highlights

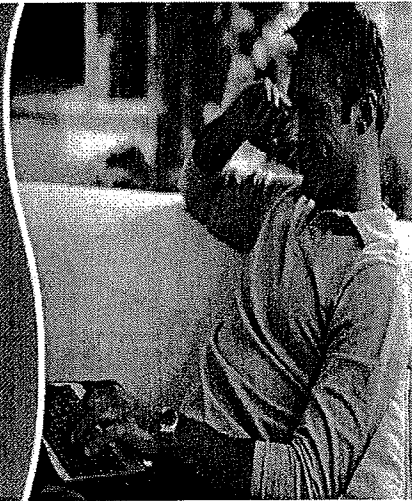
- Employee
 - > 73% Satisfaction
 - > #1 Reason Employees Recommend Sun
 - > Reduced commute costs (gas, maintenance, tolls, parking, time)
 - > 160 Hours of Commute Time/ Employee / Yr
 - > +\$2000 / Employee / Yr in Fuel, Maintenance & Depreciation Cost
- Real Estate
 - > \$387 million over 6 years - Reduced office space and overall utilities costs
- Information Technology
 - > \$ 24 million saved annually from thin client architecture (systems admin & energy costs)
- Enterprise
 - > Reduced employee business travel costs
 - > Reduced on-boarding and relocation cost
 - > Reduced CO2 and overall emissions footprint



Source: Sun, Sept. 2005

Benefits of Sun's Open Work Program Satisfaction

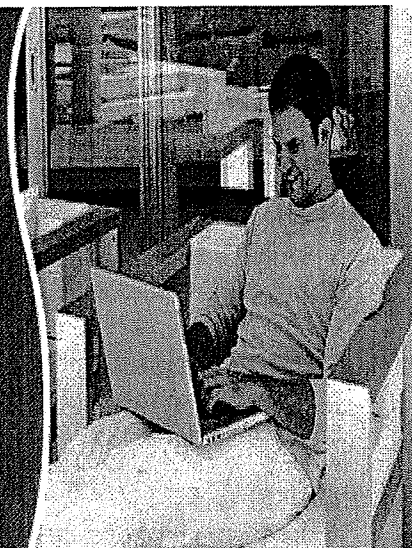
- Flexible and Home Assigned Employees in Sun's Open Work program are more satisfied with their jobs:
 - > Organizational support, work/life balance, flexibility and support to accomplish work objectives
 - > Highest scores in annual survey (over 70%)
 - > 66% of work-from-home employees are satisfied with their compensation, vs. 57% of assigned employees
 - > 85% of flexible employees would recommend Sun to external people



Benefits of Sun's Open Work Program Performance and Retention

- Performance Ratings, FY05 :
 - > An equal proportion of Sun-assigned and Flexible employees attained "Superior" rating
 - > The proportion of Home-assigned employees rated "Superior" was 2% higher than for other Open Work categories
 - > There was no difference across the Open Work categories in the proportion of employees rated as "Needs Improvement"
- Employee Voluntary Turnover compared to Sun overall :
 - > Flexible employees : -0.21%
 - > Home-assigned : -6.17%

(12 months to Q2, FY05)



Industry Recognition

“Sun has created an impressive infrastructure of policies, systems and tools to enable flexible working on a large scale across the entire organization. In the process, the company has produced impressive cost savings and productivity improvements.”

~ The Career Innovation Group, 2005



The 2006 AWLP
Award for Innovative
Excellence
(by WorldAtWork)



The 2005 Optimas
Award presented by
Workforce
Management



The 2004 Vignette
Efficiency Award



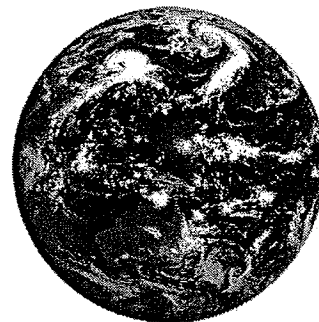
CoreNet Global
Innovators Award

Eco-Responsibility and Open Work:

Meet business goals and achieve
environmental and socioeconomic goals

Direct, Quantifiable Impacts on:

- Office space
- Energy/electricity
- Gasoline & commute time
- Employee work/life balance



GOOD FOR YOUR BUSINESS. GREAT FOR OUR PLANET.

Additional Benefits of Open Work

Decreased Air Pollutants
Reduced Traffic Congestion
Safer Neighbourhoods
Fewer Automotive Accidents
Fewer Latch-key Kids
Less Stress on Urban Transportation Infrastructure
Better (and Cheaper) Than Building New Roads
Reduced Dependence on Foreign Oil

Business Imperative
**Talent
Management:**
Attracting and Retaining the Next
Generation Workforce