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Letter of Comment No:5047
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From: Rob McMillan [RMCMILLA@svbank.com]
Sent: Monday, June 21, 2004 2:58 PM
To: Director - FASB
Subject: File Reference No. 1102-100

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June 15, 2004

Director
FASB Board
401 Merritt 7
Norwalk, CT 06856

Dear Mr. Director,

Please reject the expensing of Stock Options as a FASB policy. I am a rank and file employee of Silicon Valley Bank and have been able to get ahead in life because I have stayed at my employer for 14 years and benefited from annual option grants. The company spent no cash to get me the options. They spent no cash when I exercised either. The cash I received was from the market. Sure there is a cost in dilution but that is captured elsewhere in the financial statements already. In fact, there is no accurate, reliable, and consistent way to value employee stock options. Many leading economists believe that investors will not be well served by the misleading "guesstimates" produced by current option valuation formulas. The impact of this proposed accounting change will eliminate this benefit for me - one of the few ways that the little guy with hard work can get ahead. As an observer, it is also going to make it more difficult for start-up technology companies to attract talent in the initial phases of operation, given the risk in a start-up making it bad policy for the US economy.

In closing, I'd like to once again urge the FASB to reconsider its position on this important issue. Broad-based stock option plans and ESPPs enhance productivity, increase shareholder value and benefit employees. Broad-based plans should be encouraged, not eliminated.

Respectfully,

Rob McMillan
Silicon Valley Bank
rmcmilla@svbank.com

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You are here for a good time, not a long time.

Andy Byars,
Master Cooper and Scotsman
Seguin Moreau Cooperage

Rob McMillan
Silicon Valley Bank
Premium Wineries Practice
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