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Letter of Comment No: 2218
File Reference: 1102-100

From: Bill Beven [bill.beven@efi.com]
Sent: Monday, May 03, 2004 5:04 PM
To: Stacey Sutay
Subject: Proposed Rule Change on Stock Option Expensing/Rule # 1102-100

To: FASB

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I am writing to urge FASB to reject the proposed rule requiring stock option expensing. I am an employee of EFI, a high tech company in Silicon Valley.

Stock options give employees at all levels a stake in the success of our companies. They encourage the hard work and entrepreneurial spirit that fuel innovation, increase productivity and boost shareholder returns.

Owning options makes me feel like I have a real stake in the success of my company and increases my dedication and long-term commitment to my work. Stock option programs are also good for shareholders because employees are rewarded only if our company's stock value increases. In the past, my stock options have enabled me to improve my quality of life in meaningful ways. Even when options are "underwater," I feel personally tied to the success of my company.

I am concerned that mandatory expensing of stock options could cause my company to reconsider how it allots options to employees. I don't think this is good for me and I don't think this is good for my company as it could destroy one of the great motivational rewards of our hard work/high risk industry.

I also think the idea of estimating future stock prices, a requirement for expensing options, is just plain bad business. At its best, practiced diligently and consistently, it will be fraught with error and cause earnings to leap or fall substantially based on stock market conditions. At its worst, it provides one more avenue for unscrupulous companies to manipulate earnings by changing assumptions about options expenses. It seems like the likely result is that it will be one more item which will feed into pro forma earnings and in the long run will provide less clarity about a company's earnings rather than more.

Thank you for your consideration of this appeal.

Sincerely,

Bill Beven

5/4/2004