

From: mbw@silabs.com
Sent: Thursday, May 20, 2004 2:43 PM
To: Director - FASB
Subject: File Reference No. 1102-100, Comment on FASB Stock Option Proposal



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Dear Mr. Robert Herz:

I am writing in reference to FASB's invitation to comment on its exposure draft, "Share-Based Payment," an amendment of Statements No. 123 and 95.

- I personally left a well capitilized electronics company (Motorola)18 years ago to work for a small pre-IPO company. As the years went by Motorola grew huge. But then following disasterous executive management decisions at Motorola (Iridium satellite cell phone system, and insane reliance on analog mobile phone technology) the company started a death march, cutting 2/3rds its workforce, a march which continues to decline to this day. Where did all those faithfull employees, of one of the most respected and beloved companies in the world, find work? At what wage cuts?

- By comparison the pre-IPO firm I went to did go public. Stock options produced additional income commensurate with my position and contribution to the company and its investors.

- I repeated that transition to a pre-IPO firm 13 years later with my present employer. I took tremendous employment and career risk. 5 years later I work for a \$324M revenue company with 525 employees. A company formed on \$8M dollars of first round V.C. money, by 3 guys, and the sweat effort of now hundreds of employees.

- I'm also an investor in public companies. Large, well run, well capitalized companies are a prudnet investment choice for conservative investors. These same investors reasonably expect that the U.S. Government and the SEC will prosecute and imprison executive officers and directors that break the law. With minimum 20 year sentences! Yet now 3 years after the bubble popped, most of these guys are STILL PRANCING AROUND FREE, paying for their lawyers with stolen public money.

- IPO and small cap investors seek higher returns. The prospectus details the many risks. The employees with options know the risk. Stock valuation ranges from insane speculation to all-boats-rise-or-drop industry trends. It is the definition of risk/reward, and countless investors are willing to put money at risk for high returns.

- In view of this reality, does anybody actually beleive that burdening the books of a small company by expensing option grants therby reducing already slim working capital, results in positive stimulus to the company or its employees (the geese working to lay the golden eggs)? Further, that this same action will actually LOWER investor risk? This is incomprehensible. Only recruiting, retaining, and getting top performance from talented employees lowers investor risk. Virtually EVERY other aspect of this investment risk is DOWNSIDE, except for the employees of that firm who posses the capability of overcoming the risks through their work effort.

- By comparison - The only risk in staying with long established well capitalized companies is down sizing and outsourcing.

- The net effect of the current proposed change is a dis-incentive for small public companies or pre-IPO start ups. The cities and towns YOU REPRESENT, and the U.S. future of American society, needs innovative start ups which break technology barriers, and technology solution paradigms, with products and solutions derived at great risk by employees, Venture Capitalists V.C.), public markets, and buying customers. Henry Ford did it, Bob Glavin Sr. (Motorola) did it, Bill Gates did it, and they all did so in part with employee incentives like stock options.

- Consider finally that millions of jobs have been lost in the U.S. in the last 4 years, particularly in the manufacturing segment, this trend is NOT reverseable.

Sincerely,

Matt West
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