Karen Salmansohn

From: Director - FASB

Sent: Saturday, February 01, 200

Karen Salmansohn

Subject: FW: Response from SBE, Inc.

Letter of Comment No: 701 File Reference: 1102-001

Date Received: 1-31-03

----Original Message----

From: Bill Heye [mailto:billh@sbei.com] Sent: Friday, January 31, 2003 8:01 PM

To: Director - FASB

To:

Subject: Response from SBE, Inc.

Director, FASB:

This is a response to your Invitation to Comment on Accounting for Stock-Based Compensation.

I am CEO of SBE, Inc. in San Ramon CA, a supplier to the telecommunications industry. Although I spent 20 years of my career with Texas Instruments starting back in the 70's, I have derived great satisfaction from working in the small company environment. While with TI, I lived and worked overseas, at one time managing TI's Japan and Far East businesses. I have seen how other economic systems work on a daily basis.

SBE is a small cap public company but we are the type of organization that is the backbone of the electronics industry. We are typical of companies in the Bay Area that develop, manufacture, and sell high performance, cutting-edge technology products. We work closely with telecommunications customers in Europe and Asia.

The people of SBE work long hours because it takes that to achieve design wins, to book customer orders, and to ship quality product. We aspire to grow and to become an important supplier to our industry segment. SBE pays competitive wages and salaries but every person in the company has been issued stock options. This has always been the case here-- everyone gets options.

People are motivated to make the company grow in customers and in revenue and in so doing to increase the market value of SBE. Each person fully understands options and the long term value to them individually. They know that by their actions they can improve the company and their own lot. It would be foreign in every respect for options not to be available to all employees. It is a part of the culture.

Any move to discourage the use of options in American industry will cause more harm than good. FASB should exercise caution here and not rush in with a fire hose where a candle snuffer may be appropriate. Companies who practice excesses will be dealt with by their investors. Fraud will be dealt with by the justice system. Both of these are happening today.

This is not a case where panic is called for. Options aren't broke. On the contrary they are the sharpest tool that America uses to achieve its huge economic successes. Those US industries that use options are models of international competitiveness. Europeans would love nothing more than to bring the US down to its level and moves by the IASB are nothing more than that.

Save and protect US competitiveness by preserving our ability to use options.

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