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**Letter of Comment No: 2528 .**  
**File Reference: 1102-100**

**From:** Paul Kageyama [paul.kageyama@exar.com]  
**Sent:** Wednesday, May 19, 2004 7:48 PM  
**To:** Director - FASB  
**Subject:** File Reference No. 1102-100

I would like to express my opposition to the proposed requirement that companies expense stock options and ESPPs. I am concerned that with the imposition of this new requirement many companies will be forced to severely reduce or eliminate these benefits. I believe that these plans are very important both in providing an incentive for the employee and in enhancing company growth.

I have worked for several semiconductor companies in California over the past 38 years and have witnessed many situations where stock options and ESPPs have had a significant impact on people. As an employee, I have personally benefited greatly from both types of programs. The rewards for working hard to help my company succeed translated to the down payment on my first home, a townhouse in San Jose. Later, my stock options enabled me to buy a house with a yard for my new family. Five years ago, with stock options through another employer, I was able to purchase a new and larger home for my growing family. As a manager working for smaller, growing companies, I was better equipped to attract new and talented employees when I was able to include a stock option plan as part of the job offer. Also as both an employee and as a manager, I witnessed many examples of people working extra hours and going the extra mile to help the company succeed. In many of these cases, it was very clear to me that the drive to succeed for many of my coworkers was closely tied to the potential rewards of a rising stock price.

I believe that it is very important that stock option plans and ESPPs continue to be available to employees. These plans stimulate employee interest in company growth and innovation. Without these benefits, I am sure the successes that I have witnessed during my career would have been much slower in coming if at all. Without them, I do not think that I would have seen the infectious excitement in the work force that accompanied growth in corporate earnings and resulting increases in plan benefits.

I respectfully urge you to not require that companies expense stock options and ESPPs.

Sincerely,  
Paul Kageyama  
Director of Manufacturing  
Exar Corporation