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From: Gopal Dommety [gdommety@cisco.com]
Sent: Thursday, June 10, 2004 5:04 PM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: File Reference No. 1102-100

Dear Chairman Robert H. Herz,

I am sending this email to urge that Stock option are not an an Expense to the company and should not be treated as an expense.

In todays world of markets based on "Innovation" and Information. How does one compensate this Worker, the most important part of this economy and that of the country ? Firstly I am of the view that "the Worker" is a part owner of the company as he invests The Most Important and Scarce Capital there is in this economy, i.e, the Intelluctual Capital (the other capital being money, which Thanks to the Banking system is in abundance - I hope Mr. Adam Smith will Agree). This contribution of this intellectual capital is the primary reason why Stock options should not be considered an expense of the company.

Todays great companies are built on the "brain power" or innovation and hard work of all the employees of these companies. I would like to use the term "part-owners" of the companies instead of "employees". Most of these companies thrive, not because of the large amounts of capital put into them but due to the Innovation and Knowledge of these hardworking employees. And in order for these innovations to fuel the American economy, employees should not be viewed as "waged temporary workers" but long term owners of the company and of America. This is the only way the Innovative knowledge worker is motivated to stay as an innovative knowledge worker and there by effectively helping further bolster the American High tech leadership. Contries such as China use stock options and extremely high salaries (even high compared to US) to attract Top talent. U.S. companies need stock options to compete with other countries on a global basis. Expensing stock options will have a dramatic negative impact on American high tech leadership, innovation and job creation.

The artificially high valuation for a stock option required by FASB will eliminate stock options as a tool which has driven innovation and productivity. Stock options should not be considered as a expense as they do not use company assets.

Hope you will help the hardworking, innovative worker, who employs the wealth of his Intelluctual capital grow the American Economy.

Regards
Gopal