

## Stacey Sutay

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**From:** Frank Tsai [ftsai@cisco.com]  
**Sent:** Monday, April 19, 2004 6:05 PM  
**To:** Director - FASB  
**Subject:** Support the Broad-Based Stock Option Plan Transparency Act

From: Frank Tsai, 1420 Tawakoni, Plano, TX 75075-6830  
File Reference No. 1102-100  
Address to: Chairman Robert H. Herz

Dear Chairman Robert H. Herz,

Please do not treat stock options as an expense and support Broad-Based Stock Option Plan Transparency Act.

By giving employees at all levels a chance to own a "piece of the rock," broad-based stock option plans fuel innovation and the entrepreneurial spirit, increase productivity and boost shareholder returns. This Bill focuses on things that will drive real value for the investor and for the economy: transparency and innovation, rather than requiring that stock options be expensed, which would accomplish neither of these.

I have personally seen the motivating effects of employee stock option programs. 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 the stock value increases. In the past, my stock options have enabled me to improve my quality of my life in meaningful ways. Even when my options are "underwater", I feel very personally tied to the success of my company.

I believe that the mandatory expensing of stock options would mean that they would no longer be offered to most employees. Many technology companies grant options to the vast majority - and often to 100 percent - of their employees. If options are required to be treated the same as a cash expense, companies would drastically reduce the number of people who receive options, probably restricting them to the most senior executives.

I support Broad-Based Stock Option Plan because it focuses on disclosures of accurate, real data about stock options. This is the type of information investors need to make informed investment decisions about stock option plans. It is a much better solution than expensing, which would only introduce unreliable estimates into financial statements. There is no accurate, reliable and consistent way to value employee stock options.

Thank you for your time and consideration.

Sincerely,  
Frank C. Tsai  
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Plano, TX 75075