

Letter of Comment No: 156
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From: Jai Desai [jaidesai@cisco.com]
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To: Director - FASB
Subject: File Reference No. 1102-100

Chairman Robert H. Herz,

It would be great if you could spend some time reading this email since there are lot of impact if we go the route to treat stock options as an expense. The talent comes from all around the world and also the US born people in industry work hard and come out with different ideas so that at the end of day they might get good stock options.

The tax rate is so high in silicon valley that the only savings these employees have is stock options and ESPP. So if the companies stop giving these options as it would be a expense to them, why would any one want to invent, come to high tech industry. As there salary would be high so they get taxed high and he has saved nothing. rather would go to a average income job ,start a small consumer business and then tax some tax benefits from business and no need to for the brain to work hard.

there are other impacts like accounting Issues:

- 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 do not meet the definition of an expense because they do not use company assets.
- The true cost of a stock option is dilution of earnings per share (EPS) and is already accounted for when options are exercised.

Competition:

- U.S. companies needs stock options to compete with other countries on a global basis. (Example: Chinese companies use stock options and they do not treat them as an expense.)
- Expensing stock options could have a dramatic impact on American high tech leadership, innovation and job creation. In today's economic environment, the number one rule should be 'first, do no harm'.

Regards
Jai Desai