Dear Friend,

I plead with you - please do NOT propose a plan to treat stock options as an expense. This will hurt the US economy by artificially sabotaging the competitive edge of leading US high tech corporations against international competitors.

First this proposal defies common sense, since granting an option to buy stocks in the future is does not use any company assets and therefore should not be considered as an expense. The company has to be successful for the stock price to appreciate and the stock options to offer any value. This success is first and foremost driven by highly motivated and highly productive employees and vise versa, employees that have stock options become highly motivated and productive to guarantee a company success.

The practical implication of treating stock options as an expense, is limiting stock option grants to executive level employees and thus severing the bond with the rest of the employees. This will result in damaging motivation, loyalty and eventually overall productivity of the employees. Now that the employees become less motivated and productive the question is "Why would I pay a mediocre employee a US salary, when I can hire employees overseas for a fraction of the cost?". The answer is obvious let's hire employees abroad, and the more the better.

I have recently purchased a new computer from the same vendor I have been buying computers for the last 7+ years, and to my surprise the first support call has been forwarded to the Philippines. To make a long story short, after talking to different agents (never the same one) all over the Far East for the next two weeks, the case has been finally assigned to an US agent who immediately RMAed the computer. During these two weeks I have shared my experience with my colleagues and informed them that next time I am only buying computers from a vendor that has a local support, their answer was good luck if you can find one...

In summary, I plead with you - please do NOT propose a plan to treat stock options as an expense! The end result of this act is hurting the US economy by transferring jobs and wealth overseas.

Regards,
Michael Segal

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