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Letter of Comment No: 1095
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From: Vincent Parla [vparla@cisco.com]
Sent: Wednesday, April 21, 2004 9:49 AM
To: Director - FASB
Subject: Expensing Options == Jobs to India, You decide...

Importance: High



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Dear Chairmen Herz,

Expensing Options is bad for business.

Corporations retain key personnel by offering options. Employee ownership through stock options is one of the ways in which many Americans enjoy the 'American Dream' of owning their own company. Few have the ability to be entrepreneurs and this is one way that an employee can enjoy the success of the company they work so hard to help create.

Stock options brings opportunity to all individuals in the economic spectrum. What other way can an individual performing entry level work participate in entrepreneurial opportunities!

Expensing Stock Options will remove this opportunity from the ones who benefit from it the most... the average worker. CEOs and upper management will always have options offered as they are viewed as critical to the success of a company. But when you expense stock options, the first group that will be cut from this will be the everyday worker.

In the technology sector, one of the key ways to retain talented workers is by creating a stock options program. When you expense this program you make it too costly for employers to offer a meaningful amount to the average tech. worker. The end result is that companies have to offer higher salaries to employees to retain them. This leads to more off shoring of jobs as it is cheaper to hire someone in Bangalore than to retain the same person in the U.S.

As more and more jobs transition overseas, the economy in the U.S. will decline as there will be less and less job growth and 'Start-up' investment. In fact, the 'Start-up' often can compete with larger companies by offering employees a larger share of ownership. This gives small companies an opportunity to be on the same playing field as bigger corporations like Cisco. In fact, Juniper was able to attract talent through stock options in lieu of large salaries and eventually grew to be a major competitor. This is good for business. If stock options were expensed, the 'Start-up' would lose the level playing field because it cannot compete in monetary compensation. 'Start-ups' have to offer "futures" and Stock options is the best way to do that.

Please don't expense options. It hurts the average worker more than anyone else!

Thanks,

Vinny