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Letter of Comment No: 865
File Reference: 1102-100

From: Shahid Usman [susman@cisco.com]
Sent: Tuesday, April 20, 2004 3:43 PM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: File Reference No. 1102-100

Dear Mr. Chairman,

This email is in regards to a draft plan for expensing stock options. I urge you to please do not treat stock options as an expense.

Stock options contribute a major role in achieving my financial needs, specially living in the Bay Area is becoming increasingly difficult, it is the stock options that make me look forward to a better future.

Moreover, the artificially high valuation for a stock option required by FASB will eliminate stock options as a tool which has driven innovation and productivity. Also, 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.

U.S. companies need stock options to compete with other countries on a global basis. For 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'.

Thank you ,

Yours truly,
Shahid Usman