

Len Tatore

From: Michael R Dennard (mdennard) [mdennard@cisco.com]
Sent: Wednesday, April 21, 2004 10:32 PM
To: Director - FASB
Subject: DO NOT EXPENSE STOCK OPTIONS

DID YOU KNOW THAT.

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 need 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'.

RESTRICTING FREE COMPANIES IS UNAMERICAN. PUNISH THE ONES THAT BREAK THE LAWS, DON'T GIVE IN LIKE THE SPANISH DID TO THE TERRORIST.

RESPECTFULLY,

Mike Dennard
Cisco Systems
Account Manager
404-641-1303 - 24hr. mobile
mdennard@lmcingular.com
visit us at: www.cisco.com/go/mobile
This is Cisco - On the move