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Letter of Comment No: 969
File Reference: 1102-100

From: Gary Stewart [gstewart@cisco.com]
Sent: Tuesday, April 20, 2004 2:00 PM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: Expensing Stock Options: File Reference No. 1102-100

Chairman Robert H. Herz:

As a long-time Cisco Systems employee (1991) I would like to voice my concern regarding the affect of expensing stock options will incur. Stock options have retained employees, myself included, as well as set standards for hiring and initiating increased personal ownership in the employees company goals due to issuing and vesting of stock options.

This is a very serious measure which certainly will have a long-term negative impact on the American economy. I understand that this is partially driven by investment capitalists and a short-scope Government body, something which I prefer not to discuss. The bottom line on is, "If it isn't broken.....DON'T FIX IT!!" And if this measure is passed, it will be a catastrophe to many large solid companies which grace the Untied States of America landscape.

May I note to you that:

- the artificially high valuation for a stock option required by FASB will eliminate stock options as a tool which has, as I mention above, 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 and is already accounted for when options are exercised. Seems like double indemnity.....
- U.S. companies need stock options to be globally competitive.
- expensing stock options will most certainly 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" and "if it isn't broken, don't fix it!"

Sincerely
Gary Stewart

4/20/2004