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Letter of Comment No: /570
File Reference: 1102-100

From:

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Sent:

Thursday, April 22, 2004 9:15 AM

To: Subject: Director - FASB File Reference No 1102 100

Importance: High

Chairman Robert H. Herz.

I would like to voice my extreme concern for the FASB's intent to treat stock options as an expense.

Stock options have made an incredible impact on my life. I have used them as an down payment on a house and college tuition. I am planning on using this money as a supplement to my retirement.

Some of the key messages I would like to pass along are:

## 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'.

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