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	File Reference: 1102-100

From: Chris Young (chyoung) [chyoung@cisco.com]

Sent: Monday, April 26, 2004 11:34 AM

To: Director - FASB

Cc: savestockoptions@cisco.com; savestockoptions@cisco.com

Subject: STOP! You are making a mistake (File Reference No. 1102-100)

Dear Chairman Robert H. Herz

Please help me to understand the intent of removing my motivation to work as a part owner in my employer.

## Accounting Issues:

- Why are you creating an artificially high valuation for stock options? You are destroying the motivation behind innovation and productivity in my industry.
- Please explain how a stock option can be considered an expense if it does not use company assets?
- Wouldn't the actual cost of a stock option dilute earnings per share (EPS) and already be considered when exercising options?

## Competition:

- U.S. companies need stock options to compete globally. I thought we were trying to prevent outsourcing and keep jobs in the US? Does China treat stock options as an expense? I think not. They are growing.
- Expensing stock options will dramatically affect America's technology leadership. You will reduce our innovation and job creation for certain.

The decision to expense stock options is risky. I cannot understand why these simple reasons are so difficult for you to understand. It's obvious that our country is run by politicians and not our strongest business leaders. I think it's the nature of politics and messy campaigns that prevents many or our country's smartest business people from running for office. Unfortunately, in a time we need them most, the decision is up to you instead. Please listen to our technology business leaders and follow the example of other growing economies.

If we get this one wrong, we fail the grade, not just the test.

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