

Stacey Sutay

From: Gregory Kitchener [gkitch@cisco.com]
Sent: Monday, April 19, 2004 4:22 PM
To: Director - FASB
Subject: Do NOT expense Stock Options

Letter of Comment No: 459
File Reference: 1102-100

Dear Chairman Robert H. Herz,

This in reference to File Reference No. 1102-100, the expensing of Stock Options by companies.

I am strongly urging you NOT to expense stock options, particularly at an unrealistically high valuation.

I am not a Vice President, or a Director or even a manager. I am a simple individual contributor. Stock Options make me believe that I truly own a piece of my company; they motivate me to work harder; and they give me the chance to make a better life for my family. I have been working at my company for less than four years and already I feel the great impact of stock options in my life. As I decide about my career and where I will work in the future, stock options are what keep me interested in working in high tech in Silicon Valley. Without the help of stock options, I will never be able to buy a home in the pricey California real estate market.

Stock Options aren't even expenses. Expenses use company assets. COGS use inventory. What assets do stock options "use?" Nothing. Also, the proposed valuation methodology overstates the value of stock options, implying that we can trade them on an open market like Calls and Puts. That is clearly not the case.

Expensing Stock Options is bad for high technology companies: it will reduce innovation coming out of Silicon Valley; it will drive jobs like mine overseas where other governments (like China) do not have to expense stock options; and it will greatly impact my life. My dreams of one day owning a house will be shattered if you choose to expense stock options.

This is NOT just an issue that effects CEO's and corporate officers. This is an issue that effects "every-day" people like me...just trying to get by.

I thank you for you time.

Sincerely,
Greg Kitchener

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