ikon

Letter of Comment No: 4222 File Reference: 1102-100

From:

bflanary [bflanary@cisco.com]

Sent:

Thursday, June 10, 2004 8:26 AM

To:

Director - FASB

Cc:

savestockoptions@cisco.com

Subject: File Reference No. 1102-100

Chairman Robert H. Herz,

I am writing to express my concern on this issue.

Please do not pass this plan as this will do nothing but further hurt American Companies, employees and families of these companies and help to further American dependence on Foreign innovation instead of our own.

Consider the following accounting issues regarding this issue.

- 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.

And also some Competitive issues.

- 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'.

Your Attention to this is appreciated...

Regards,

Brad Flanary bflanary@cisco.com