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From: Sent:

Bruce Wang [brwang@cisco.com] Thursday, June 10, 2004 6:53 PM Director - FASB

To:

Subject:

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Chairman Robert H. Herz,

I heard my friend told me that Financial Accounting Standards Board (FASB) released a draft plan stating that they intend to treat stock options as an expense. I don't think it's good idea and I am strongly disagree this plan. My opinions are as follows:

- 1. The artificially high valuation for a stock option required by FASB will eliminate stock options as a tool which has driven innovation and productivity.
- 2. Stock options do not meet the definition of an expense because they do not use company assets.
- 3. The true cost of a stock option is dilution of earnings per share (EPS) and is already accounted for when options are exercised. 4. 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'. 5. U.S. companies need stock options to compete with other countries on a global basis.

Regards, Bruce Wang