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Letter of Comment No: 1628  
File Reference: 1102-100

**From:** Brian Best (bbest) [bbest@cisco.com]  
**Sent:** Friday, April 23, 2004 2:40 PM  
**To:** Director - FASB  
**Subject:** File Reference No. 1102-100 - Expensing Stock Options

Dear Chairman Herz:

I am writing to the FASB to urge you not to expense stock options, especially not at an unrealistically high valuation.

Stock options give employees at all levels a stake in the success of our companies. They encourage the hard work and entrepreneurial spirit that fuel innovation, increase productivity and boost shareholder returns.

I have personally seen the motivating effects of employee stock option programs. Owning options makes me feel like I have a real stake in the success of my company and increases my dedication and long-term commitment to my work. Stock option programs are also good for shareholders because employees are rewarded only if our company's stock value increases. In the past, my stock options have enabled me to improve my quality of life in meaningful ways. Even when my options are "underwater," I feel personally tied to the success of my company.

Many companies grant options to the vast majority - and often to 100 percent - of their employees. If options are required to be treated the same as a cash expense, companies would drastically reduce the number of people who receive options, probably restricting them to the most senior executives.

There are also competitiveness issues. U.S. companies need stock options to compete with other countries on a global basis. For example, Chinese companies use stock option and do not treat them as an expense. Also, 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'.

Thank you for your time and attention on this extremely important issue.

Sincerely,  
Brian Best

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