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Letter of Comment No: 1587
File Reference: 1102-100

From: Eric Duvon [eduvon@cisco.com]
Sent: Friday, April 23, 2004 1:50 PM
To: Director - FASB
Subject: File Reference No. 1102-100

Dear Chairman Robert H. Herz,

I am sending you this message to urge you to not to require the expensing of stock options, especially at an unrealistically high valuation.

I've worked at companies that both provide options and don't. I look at options as a big part of my retirement plan. We don't have any other formal retirement plan at this company (other than 401Ks). So I am highly motivated to try and keep the company stock high so I can have some sort of retirement. At the company that didn't give stock options, the employees didn't care about the stock value of their company.

The following are the issues I have with how FASB wants to treat stock options in the future:

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.

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'.

I'm trying to figure out what are the positive affects that the changes to expensing stock options will have. Are we trying to hurt American businesses, maybe drive more jobs offshore?

Please do not make the change to having to Expense Stock Options.

SIncerely,
Eric duVon