

## Len Tatore

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**From:** Bobby Parizi [bparizi@cisco.com]  
**Sent:** Thursday, April 22, 2004 8:21 PM  
**To:** Director - FASB  
**Subject:** Re: Stock Options - File Reference No. 1102-100

**Letter of Comment No: 1432**  
**File Reference: 1102-100**

Dear Chairman Robert H. Herz,

I would like to urge the committee considering the expensing of stock options to vote against this action. Stock options have been critical to surviving financially in the silicon valley area. I moved here in 1997 from the Mid West after selling my home in Michigan for 1/4 the price of a house 1/4 the size home in the bay area. I was only able to buy a home for my family after living working for Cisco Systems for a few years and cashing out all of my option. Forcing companies to expense stock options will result in the companies eliminating this as a method of compensation. This will make it impossible for any person to enter the housing market reducing the influx of new residents. Soon afterwards, the local job market will stall and descend due to a massive exit of residents.

I find that I am very tied to company performance and feel a part of the success/failure of the business. In short, the use of stock options fosters a drive to perform and achieve. Eliminating this incentive will be detrimental to economic recovery. Expensing stock options will dramatically decrease if not stop altogether the practice of distributing stock options throughout the organization. It will eliminate the sensitivity we have to company performance...because we are not as directly tied to the results. The worst part is, the company will be negatively impacted by inaccurate, imposed calculations of the option value. The proposed methodology cannot accurately predict the value and/or cost of the option without knowing when it would be exercised. So, this action would negatively and unnecessarily penalize the financial position of our company and hurt innovation, the lifeblood of our success. I would feel differently if there were a better logic as to why we would expense and a better calculation for the valuation. But without these, the consequences are only negative. It will slow/stop hiring and remove one of the key incentives to do well. Please do NOT proceed with expensing options.

Thanks for your consideration,

Bobby Parizi  
Finance Analyst  
Cisco Systems