## Len Tatore

From: Earl T. Cohen [earl@cisco.com]
Sent: Thursday, April 22, 2004 8:20 PM

To: Director - FASB

Subject: File Reference No. 1102-100, Attn.: Chairman Robert H. Herz

I am writing to express my opinion against the idea that companies should expense stock options. As an employee who has had stock options at many places where I have worked, they certainly do a lot to increase employee motivation and morale, and hence increase productivity. Much of the innovation and creativity that comes out of the Silicon Valley would probably not exist without stock options.

On the corporate side of the equation:

- \* 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.
- \* The artificially high valuation for a stock option required by FASB will eliminate stock options as a tool which (as pointed out above) has driven innovation and productivity.
- \* The costs of stock options are not hidden to shareholders -- stock options plans and the number of outstanding shares are all public information.

I hope all these factors are considered in your decision. The current system is not broken -- I don't think you need to fix it...

Thank you for listening.

Earl T. Cohen Fremont, CA Letter of Comment No: 1431

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