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Letter of Comment No: 4227
File Reference: 1102-100

From: Kathy King [kking@cisco.com]
Sent: Thursday, June 10, 2004 12:15 AM
To: Director - FASB
Subject: Chairman Robert H. Herz re: File Reference No. 1102-100

To: 'Chairman Robert H. Herz
Re: File Reference No. 1102-100

Sir,
I send this message urging you not to expense stock options, especially at the unrealistically high valuation set forth in the recent proposal.

This high valuation will virtually eliminate stock options as a tool for driving innovation and productivity within the workplace. Further, it is clear that stock options to not meet the definition of an expense as they do not use company assets.
The cost of stock options is already accounted for when options are exercised, via a dilution of earnings per share (EPS).

In my personal experience, the stock options I've been granted have been a key influence on my decisions to work longer, harder and utilize teamwork more effectively. Moreover, the options I've exercised in the last 10 years have enabled me to now work part time and raise my young daughters to be valuable members of society.
In my experience, stock options are also a critical factor in ensuring employees make decisions that align with shareholders' interests.

In addition, removing the right for US companies to grant stock options (which is in essence what the expensing of such options will do) will put US companies at a competitive disadvantage to those companies residing in countries who do not expense stock options.

In today's volatile economy, I find it obscene that your organization would consider enacting any legislation that will negatively impact our efforts to rebuild a strong economy.

Thank you for your consideration.

Sincerely,
Kathy King