Stacey Sutay

Letter of Comment No: 234
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From: Beau Benner [bbenner@cisco.com]
Sent: Monday, April 19, 2004 6:10 PM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: File Reference No. 1102-100

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Chairman Robert H. Herz;

I would like to voice my opposition to expensing stock options.

At Cisco Systems, stock options have been closely related to the "Company Ownership" I and my colleagues enjoy. Eliminating this form of compensation will have a dramatic - and unwanted - impact on US corporations, and their employees.

Further, the artificially high valuation for a stock option required by FASB will eliminate stock options as a tool which has driven innovation and productivity.

Accounting Issues:

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.

Competition:

U.S. companies needs 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 encourage you to reconsider the accounting changes that would require companies to expense employee stock options.

Respectfully,

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