Letter of Comment No:1328
File Reference: 1102-100

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From: Denny Farmer [dfarmer@cisco.com]
Sent: Wednesday, April 21, 2004 6:09 PM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: DO NOT EXPENSE STOCK OPTIONS File Reference No. 1102-100

Chairman Robert H. Herz,

With stock options we are part owners in the company and have an interest the company's success.

I have participated in two companies that issued stock options. Without this financial encouragement, I am working for a paycheck. If there are stock options then I am part owner of the company and work harder to insure the company success.
I have had a few occasions to excerse stop options. I was able to take care of some financial pressures and was a great relief to my family.

Foriegn companies use this to benefit their employees. International competition will be much harder with out means to increase productivity and innovation.

- 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'.

Denny Farmer