**Letter of Comment No: 211**
**File Reference: 1102-100**

**Stacey Sutay**

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**From:** Afroze Noorani [anoorani@cisco.com]
**Sent:** Monday, April 19, 2004 5:49 PM
**To:** Director - FASB
**Cc:** savestockoptions@cisco.com
**Subject:** File Reference No. 1102-100

To
The Chairman, Robert H. Herz,
Financial Accounting Standards Board

Sub: File Reference No. 1102-100

Dear Sir,

I have been working as an IT Analyst at Cisco Systems for the last 4 years. Employee ownership has been a part of the Cisco culture since day one. We all contribute to Cisco's success and we all benefit when the company is successful.
During my service at Cisco, Stock Options have played a huge role in employee motivation. I can verily bank on my stock options for my financial needs.The basic tenet of employee ownership is now under fire.
**I urge you not to expense stock options, especially at an unrealistically high valuation.** Following are the key issues I see with your proposition:

**Accounting Issues:**

- 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.

**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'.

Thanking in Anticipation
Afroze

*Afroze Noorani*
CA

4/20/2004