Letter of Comment No: 200 File Reference: 1102-100

# Stacey Sutay

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Sent: Monday, April 19, 2004 5:39 PM

To: Director - FASB

Cc: savestockoptions@cisco.com Subject: File Reference No. 1102-100

## Chairman Herz,

I am a full time employee at Cisco Systems and want to share the value broad-based stock options bring to me as an employee. Stock options are the biggest motivator to me and I truly believe that any move to scuttle the options will impact the prosperity and motivation of US workforce. Some of the specific issues I want to highlight are:

## 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'.

I do hope that you would take a holistic view of the issue and not do any harm to the foundations of our innovation.

### Regards,

Jas