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Letter of Comment No: 1991
File Reference: 1102-100

From: Karl Clothier (kclothie) [kclothie@cisco.com]
Sent: Monday, April 26, 2004 2:43 PM
To: Director - FASB
Cc: kclothie@cisco.com
Subject: File Reference No. 1102-100

Chairman Robert H. Herz:

I am an Electrical Engineer working for a technology company and am against expensing of stock options. I ask you to not support changing the FASB standards, that will require the expensing of options. Stock options are an important "long term" motivator for me and other employees within my company, the technology industry, and other entrepreneurial/employee driven companies. I am an individual contributor, and believe expensing of options will severely reduce the granting of options to non-senior management persons. I have been with Cisco for six years and options have provided a strong motivator for me and all of my peers.

Stock options help us compete with continuing pressure from overseas companies. Stock options cultivate a true entrepreneurial spirit, among the core engineers, scientists and other individual contributors within a company. They are key competitive drivers for productivity and innovation. I support open and accurate accounting practices, and believe options should continue to be accurately represented when they are exercised. Lastly, expensing options will provide the wrong message to US based companies. Expensing options will encourage additional overseas outsourcing and or even establishing new businesses outside of the US Expensing stock options, will provide a compelling reason for American companies to position their engineering efforts at other countries that allow them to attract talent without unfair and negative accounting practices.

I ask you to not expense stock options.

Sincerely;

Karl Clothier
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"You cannot cross a wide river by returning periodically to the shore for a rest." Sun Tzu, *The Art of Strategy.*