Message

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Letter of Comment No: 1928
File Reference: 1102-100

From: Erum Frahim [efrahim@cisco.com]
Sent: Monday, April 26, 2004 10:55 AM
To: Director - FASB
Subject: File Reference No. 1102-100, addressed to "Chairman Robert H. Herz,"

Dear Chairman Robert H. Herz,

This letter is to inform you of the impact of File Reference No. 1102-100. I would like to request you to please not to approve this. I will hurt me and my family. This options gives us the extra money to buy houses and our life necessity.

The options are not the problem but there are few people who misuses it, but Cisco is one of the best company that make sure every employee gets its fair rewards. So please don't make us pay for few people's fault. The changes to options you and the FASB organization are proposing would clearly devastate the high tech industry from the American economic landscape.

I would also like to re-iterate the issues my company's executives have put forth to you and the FASB organization

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 need stock options to compete with other countries on a global basis.
- 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'.

Sincerely

Arum Graham
Customer Support Engineer
Cisco Systems.