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**Letter of Comment No: 743**

**File Reference: 1102-100**

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**From:** Nikhil Kapur [nkapur@cisco.com]  
**Sent:** Tuesday, April 20, 2004 3:42 PM  
**To:** Director - FASB  
**Subject:** Expensing Stock Options

File Reference No. 1102-100

To,  
Chairman,  
Mr..Robert H. Herz

Sir, I write to you with respect to the issue of treating stock options as an expense. I am distraught to see that FASB is leaning towards a stand that threatens to eliminate broad based stock options given to rank and file employees. I am a software engineer at Cisco Systems and I have seen stock options being a major motivator for employees to help the company succeed. Many employees like me also depend on stock options as a major source of future financial support which could, in future ensure that we achieve our American Dream of having having our own house or help us send our children to college.

I believe that the leaning towards expensing stock options is a knee-jerk reaction to a few corporate leaders misusing their position of power and trust. As such expensing stock options would do little curb people like them but would have a very negative impact to rank and file employees who get a bulk of stock options now, but would not when companies have to expense stock options.

I urge you to reconsider you position on this issue. Stock options are already accounted for in the EPS statement. If anything , options given to top leaders in a corporation could be handled in a way that makes it difficult for them to misuse their power. In today's economic environment, the last thing we need is regulation that makes American corporations less competitive or have a otherwise negative financial implication.

Thanking You,  
- Nikhil Kapur  
(nkapur@cisco.com)