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**From:** Kathleen Walsh [kwalsh@cisco.com]  
**Sent:** Wednesday, April 21, 2004 12:59 PM  
**To:** Director - FASB  
**Cc:** savestockoptions@cisco.com  
**Subject:** Expensing Stock Options: File Reference No. 1102-100

**Letter of Comment No: 1189**  
**File Reference: 1102-100**

**Importance:** High

Regarding: File Reference No. 1102-100

Dear Chairman Robert H. Herz:

Could I ask you to please consider the potential long term impacts of expensing stock options on workers, on the United States and on job creation in the high tech industry.

Everyone I talk to believes this is a quality of life issue for the employee and a United States pre-eminence issue long term.

It becomes harder to compete with foreign competitors every year and as such our company is forced to reduced expenses and eventually freeze or reduce our salaries to stay competitive. If you expense stock options for non-management you will force them to stop giving them to non-management work force. It seems it would be hard to keep employees in this industry when they don't share in the profit and the hope to meet expenses and save well enough for skyrocketing retirement costs.

From what I understand we are heading in the direction to have high tech engineering jobs, and innovation that goes with it, out-sourced to other countries within the next ten years. Foreign companies are successful in part because they have extremely supportive infrastructures eg. Chinese companies use stock options but do not treat them as an expense and labor there is so inexpensive as you know. The British had pre-eminence for a long time and lost it, and the United States clearly has it now, but many believe China is trying to attain it for the next generations. The United States should do everything they can to stop this prediction from coming true.

Stock options help me save for my retirement, and they motivate everyone to be innovative and productive. Thank you for your consideration in this matter.

Best Regards,  
K. Walsh