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From: Robert Goerg [rgoerg@cisco.com]
Sent: Wednesday, April 21, 2004 12:33 PM
To: Director - FASB
Subject: File Reference No. 1102-100

Importance: High



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Chairman Robert H. Herz,

I am very concerned about the latest plan to expense stock options.

Here are a few reasons behind my concern:

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. (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'.

Stock Options motivate me as a part owner of the company for which I work. They align me directly with other shareholders and have been a benefit to myself and my family. Stock Options have allowed me to send all of my children to college, which will benefit all of US society (near and longer term).

Please reconsider your stance on expensing stock options. I am afraid that the USA will lose global technology leadership should your plan be implemented.

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