

Stacey Sutay

From: Alan Y. Wang [alawang@cisco.com]
Sent: Monday, April 19, 2004 10:55 PM
To: Director - FASB
Subject: Please keep our dream alive -- Re: File Reference No. 1102-100

Dear Chairman Robert H. Herz

The motivation of pushing all US companies to expense stock options is never clear to me. To me it is harmful to our economy and high tech innovations in our country. I've been working for 20 years. For the last 7 years, I have been with Cisco. The stock options granted by Cisco has been one of the most important factors to drive me working hard and doing right thing for the customers and Cisco. I feel that forcing Cisco to expense stock options is equivalent to take our dreams away. If this is really good for the economy and job markets of our country, I'd be willing to sacrifice my dream. However, I find the policy to expense stock options is unfair and does not do anything good for the following reasons.

From accounting perspective:

- o The artificially high valuation for a stock option required by FASB will eliminate stock options as a tool which has driven innovation and productivity. Personally, there will be no reason for me to work more the 12 hours a day any more.
- o Stock options do not use company assets, hence, stock options do not meet the definition of an expense.
- o The true cost of a stock option is dilution of earnings per share (EPS) and is already accounted for when options are exercised.

From competitions perspective:

- o I feel our government is limiting the US companies to be more competitive. Yes, stock options give many Americans a dream to be rich, which have changed many people's working behavior. Many of us have been working so hard and produce so much because of our dream. This dream has helped us come out of this recession.
- o Granting stock options is an American idea. It has been working well us year after year. Now, our international competitors are using it to drive their people to be more innovative and productive. 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'.

My plea is not to force the US companies to expense stock options. It is no good for our country.

Best regards,

Alan Wang, SE

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