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From: Florentino Otero Jr. [jotero@cisco.com]
Sent: Wednesday, June 23, 2004 10:24 AM
To: Director - FASB
Subject: Please DO NOT EXPENSE Stock Option, thanks

Letter of Comment No: 5221
File Reference: 1102-100

Honorable Chairman Robert H. Herz,

The following are my reason, I myself do not agree expensing Stock Option in reference to File No. 1102-100:

- 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.
- 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'.

Thanks for hearing my concern, and helping my FAMILY financially. I have worked at my previous company for 21 YEARS and STOCK OPTION motivates me to join Cisco.

Sincerely,
Florentino Otero

6/23/2004