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Letter of Comment No: 1861 -
File Reference: 1102-100

From: pvienna [pvienna@cisco.com]
Sent: Friday, April 23, 2004 8:50 PM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: File Reference No. 1102-100

To whom it may concerned,

by this email, I am urging you NOT to go forward with the proposition to expense stock options. Stock options is a great way to motivate employees and therefore is very beneficial for the company: expensing these stock options would have as a result a drop in employee's motivation and would be very hurtful to the US economy. I am buying a house in the San Francisco Bay Area (first time buyer) in 2 months and the main part of the down payment is coming from the stock options. Price of housing is pretty expensive here and so is the down payment: knowing that stock options can provide this down payment, it motivates me to do my best for the good of the company since the result of the wealth of the company will come back to me. I feel more concerned about the company results and helps me be more focused: some of my fellow team mates are in the same case so this is not just an individual opinion. Stock options drive productivity: there is absolutely no doubt about this.

This proposition should NOT go forward for the good of US companies employees and US companies themselves !!!!

As probably mentioned by other fellow employees, below are some more arguments AGAINST the expensing of stock options.

"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'."

Please be considerate about what employees need and want: don't drag the productivity and economy down with an issue that would have dramatic consequences. Thanks,

Pascal Vienne