

## Len Tatore

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**From:** Kalyan [kalyan@cisco.com]  
**Sent:** Wednesday, April 21, 2004 4:02 PM  
**To:** Director - FASB  
**Cc:** savestockoptions@cisco.com  
**Subject:** File Reference No. 1102-100

**Letter of Comment No: 1402**  
**File Reference: 1102-100**

Dear Chairman Robert H. Herz:

I oppose stock option expensing. As a rank and file worker, I have found them to be a useful tool to compensate US employees. Please consider the following issues before voting on this item: Accounting Issues: 1. The artificially high valuation for a stock option required by FASB will eliminate stock options as a tool which has driven innovation and productivity. 2. Stock options do not meet the definition of an expense because they do not use company assets. 3. The true cost of a stock option is dilution of earnings per share (EPS) and is already accounted for when options are exercised.

**Competition:**

1. 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.)
2. 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'.