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Letter of Comment No: 828
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From: Carlin Otto [cotto@cisco.com]
Sent: Tuesday, April 20, 2004 4:27 PM
To: Director - FASB
Subject: Stock Options

Dear FASB:

Stock options are the best example of successful capitalism going in the USA today. Stock options, when granted to all employees of a company (not just to the executives), drive up productivity, create pride of ownership (all employees own the company), and allow everyone to share in the profits. How can you even consider hobbling this wonderful system???????????????

Are you crazy? Stock options are the magic that has made Silicon Valley such a success. They are what motivates us all to work 70-hour weeks and take huge risks. Do you think I would work this hard for my salary??

No way! If you change this system, you will change Silicon Valley forever. You might even kill it, meaning that the productivity would go down and companies would have more incentive to hire overseas.

Personally, if I were not getting stock options I would not even work in the computer industry. It is too stressful, too hectic, too competitive. The hard work would not be worth the effort and stress if I were working only for my salary.

Besides, your logic for expensing stock options is flawed. Stock options are not a company expense because they do **not** use company assets. In reality, the cost of a stock option is dilution of earnings per share. This "expense" is accounted for automatically when the options are exercised.

If you want to control the problems that have occurred when excessive stock options are given to the higher executives, control **just that aspect**.

Don't kill the goose in order to get a golden egg.

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