From: Joseph Vu [josephvu@cisco.com]
Sent: Tuesday, April 20, 2004 2:03 PM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: Please do not treat stock options as an expense

Dear Sir/Madam,

The stock options I've received make me feel like a part owner of my company and have allowed me to see the results of my ideas and hard work. I have more of a stake in my company and my future. Also, stock options benefit the shareholders of my company, because employees are rewarded only when share prices rise.

- 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’.

So, Please do not treat stock options as an expense.

Thank you very much for paying attention on this matter,

Best Regards,

Joseph Vu