

**Len Tatore**

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**From:** Christenson, Steven [slc@cisco.com]  
**Sent:** Wednesday, April 21, 2004 9:42 PM  
**To:** Director - FASB  
**Subject:** Reference No. 1102-100 - Please do NOT require expensing of Stock Options.

Chairman Robert H. Herz:

I am not an accounting whiz, but I fail to see how any of the proposed methods for accounting for stock options as expenses will benefit small investors like myself. Options are really only able to be accounted for when exercised - and then are reflected as diluted earnings per share. Any method for accounting for stock options is guaranteed to be inaccurate - perhaps to the point of absurdity - because there is no "market" for valuing these stock options: they are not tradable, subject to forfeiture, vest over time, expire, and are tied to the company's stock price in a volatile market. Options are not actual expenses as they do not use company assets!

Meanwhile stock options like those I receive from my employer, Cisco Systems, are a very real and tangible inducement to contribute significantly to a company. A high 'expense value' will make it financially unfeasible for \*U.S.\* employers to continue to offer significant options while an understated value will be of no use to anyone. The true "cost" of options, as I noted, can only be calculated at exercise time.

Indeed, I would suggest to you that the effect this accounting change would have is the removal of stock options as a compensation tool. This will serve to dampen the entrepreneurial spirit that has made many U.S. companies what they are. Without options my focus would be to align myself with the highest paying jobs rather than take a risk working for a company that may be in the the early stages of great success. Ultimately I believe this will stifle innovative \*U.S.\* companies and drive jobs overseas.

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Steven Christenson  
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