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Letter of Comment No: 1108
File Reference: 1102-100

From: David Pratts [dpratts@cisco.com]
Sent: Wednesday, April 21, 2004 8:24 AM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: Stock options expensing,File Reference No. 1102-100

Dear Mr.Robert H. Herz:

I am totally against expensing stock options. In today's global economy and with America losing jobs to India and China, this will dramatically speed the jobs going elscwhere. Expensing stock options could have a dramatic impact on American high tech leadership, innovation and job creation. For example, the Chinese companies use stock options and they do not treat them as an expense. Companies like Cisco and Microsoft successes was mainly based on stock ownership.

I have yet to understand how expensing has any positive impact on my lifestyle. I am motivated to performed because I know that I will share in the companies profit. I have been able to buy my dream house, sports car, afford sending my children to private schools, take nice vacations and the like. By expensing stock options, Cisco will be unable to continue to provide me with the stock options which will hinder my lifestyle. Besides stock options do not meet the definition of an expense because they do not use company assets. The stock option is dilution of earnings per share and is already accounted for when options are exercised. Seems to me we are penalizing a great majority of companies that performed honest accounting versus those few ones, like Enron that have abuse the system.

Expensing options is wrong for America and makes no logical sense. The artificially high valuation for a stock option required by FASB will eliminate stock options as a tool which has driven innovation and productivity. This cuts into the very American fabric "only in America", and gives the Chinese and Indian a very unfair advantage.

Please do not expense options, its wrong!!!! It will hurt the economy and lead to disastrous results.

David

4/21/2004