Stacey Sutay

Letter of Comment No: 175
File Reference: 1102-100

From: Julie Nordquist [jnordqui@cisco.com]
Sent: Monday, April 19, 2004 5:19 PM
To: Director - FASB
Cc: 'Julie Nordquist'
Subject: File Reference No. 1102-100

Chairman Robert H. Herz,

I am writing to express my concern over plan to treat stock options as an expense.

It is very important to me to be able to participate in my company's stock option programs and continues to be one of the most important reasons I have been attracted to this company for employment. I feel that the plan to treat stock options as an expense will adversely impact the ability of my company to offer these programs to me.

Some of the other issues that will arise from this plan include:
* 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'.

Thanks for your consideration on this matter!

Best regards,
Julie Nordquist

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