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Letter of Comment No: 3360 File Reference: 1102-100

From: Thomas Wyatt (twyatt) [twyatt@cisco.com]

Sent: Wednesday, June 09, 2004 8:08 PM

To: Director - FASB

Cc: savestockoptions@cisco.com Subject: File Reference No. 1102-100

Chairman Robert H. Herz,

I am writing to you to stress the importance of stock options to employees as part of their long term compensation packages. There are several reasons why stock options should not be expensed using methods such as black scholes. It significantly overvalues that actual expense to the company and causes additional confusion to the investor that you are trying to protect in the first place.

If options are forced to be expensed, then the individual contributor and middle managers are the ones who will lose the long term incentives and compensation that helps put their kids through college and create financial security. Sr. Mgt will still get stock based compensation while the rank and file will get nothing at all.

I don't think that is the intention of FASB. Owning a piece of the organization, drives employees to perform above and beyond expectations job expectations. This results in better company performance and in more shareholder value for all investors. Eliminating option incentives for rank and file employees resulting from the proposed expensing valuation method, will stiffle innovation and in the long term hurt US based companies in the global economy.

Thanks for your consideration.
Thomas

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