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Letter of Comment No: 3686
File Reference: 1102-100

From: Curtis Hill [chill@cisco.com]

Sent: Wednesday, June 09, 2004 11:17 PM

To: Director - FASB

Cc: savestockoptions@cisco.com

Subject: File Reference No. 1102-100 Stock Options

Chairman Robert H. Herz

Re: File Reference No. 1102-100

As an employee I would like to understand why such an action would be suggested epically in the current economic environment. Options have allowed economic recovery at the individual level. Its allows companies to retain jobs as well as talent in the US. "Congress took a wrong turn on the issue of options a decade ago and after all the financial storms the past few years, it would risk doing it again. Historcally politicians have failed in previous attempts and have now designated themselves as skilled arbiters of accounting principle -- "

Stock options do not meet the definition of an expense because they do not use company assets.

The artificially high valuation for a stock option required by FASB will eliminate stock options as a tool which has driven innovation and productivity.

The true cost of a stock option is dilution of earnings per share (EPS) and is already accounted for when options are exercised.

Perhaps you are familiar recent concerns for workers regarding moving US jobs off shore to compete. 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'.

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