

**ikon**

**Letter of Comment No: 4259**

**File Reference: 1102-100**

---

**From:** Torrey Hollar [thollar@cisco.com]  
**Sent:** Thursday, June 10, 2004 4:11 PM  
**To:** Director - FASB  
**Subject:** File Reference No. 1102-100 Stock Option Expensing

Chairman Robert H. Herz,

I would like to write your committee to reconsider on the issue of expensing company stock options. I have been with my company nearly six years and the stock options I have received as an individual contributor have helped me in many ways.

My company is unique in that not only Executives receive stock options. Every full time employee from the Janitor to the Account Manager benefits from stock options.

I know there are lots of concerns since the Enron's and WorldCom scandals over the past few years. I think many people have learned from the greed of a few individuals. Please don't punish the worker bees because of a few corporate scandals. My company is very ethical and believes in it's employees. They want to thank us for our hard work and dedication and the way they do it is through stock options.

1) My work ethic has increased due to my shares I own in my company. I feel that if I contribute more to my company I will receive more from my company. I work diligently at decreasing expenses to which increases the value to shareholders. Every penny I save effects our bottom line.

2) By working harder and receiving stock options I have been able to put away monies for my children's college educations.

3) Stock Options help me in a time of need during the past three years when the economy cratered. Many people were effected

I also believe that there are other issues with expensing stock options.

- The 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'.

Regards,

Torrey Hollar  
Account Manager  
Cisco Systems  
12515 Research Blvd.  
Building 2  
Austin TX 78759  
Office 512-378-6081  
Cell 512-751-1008  
Pager 800-365-4578

Text page my cell phone at this URL: <http://messaging.sprintpcs.com/textmessaging/compose>

6/15/2004