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Letter of Comment No: 1847 File Reference: 1102-100

From:

James Chiou [jchiou@cisco.com]

Sent:

Friday, April 23, 2004 6:19 PM

To:

Director - FASB

Cc: savestockoptions@cisco.com

Subject: Please do NOT expense stock options

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Dear Chairman Robert H. Herz,

Based on the following reasons:

Accounting Issues:

- 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.

Competition:

- 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'.

The stock options should NOT be expensed.

I've been working for Cisco close to 9 years and the major motivation that I've been working hard and staying so long with Cisco is the rewards of stock options. Please do NOT expense stock options to hurt the America high tech industry.

Thanks for listening my opinions

James