Letter of Comment No: 5394

File Reference: 1102-100

## ikon

From: tboures [tboures@cisco.com]

Sent:

Friday, June 25, 2004 7:55 PM

To:

Director - FASB

Cc:

savestockoptions@cisco.com

Subject: File Reference No. 1102-100 Expensing of Employee Stock Options

Mr. Robert H. Herz Chairman Financial Accounting Standards Board 401 Merritt 7, P.O. Box 5116 Norwalk, CT 06856-5116

Dear Chairman Herz:

Recently in the news the FASB has commented that the decision to expense stock options is not a popularity contest to determine what should be done based upon the public's response, letter campaigns, petitions etc.

I realize that there are accounting principles in operation that guide this decision making process. My understanding is the true cost of a stock option is dilution of earnings per share (EPS) which is already accounted for when options are exercised. I feel the dilution in earnings is a reasonable exchange with the shareholders in consideration of the tremendous wealth creation shareholders enjoy from the work of the stock option recipient. Its an ongoing process which ties the employee's personal success closer to the company's success.

However, I question whether an accounting perspective alone can adequately inform a decision that has far reaching impact on the many opportunities stock options have created for people working in the high technology business. Certainly there has been the creation of personal wealth. There has also been the creation of new companies and an investment community willing to take risks exploring new or wider technological horizons. All fueled by stock options that overtime created new industries.

America, is a land rich with opportunity for all its people. Stock options are powerful incentives for talented scientists and engineers to create the future. I have worked in Silicon Valley for 20 years as an electrical engineer. From the time I left university it was my desire to found or work at a company where the result of my effort would create technology that would change the world. In my career journey - the potential opportunity that stock options would pay high financial rewards for that effort were key to the selection of employer or type of work I would engage. Options are indeed very strong motivators for the long term success of businesses and its employees.

I fear that expensing of options would greatly diminish the incentives and opportunities for talented people to engage in what truly is a strenuous life - working in high technology.

Chairman Herz I believe you need to carefully consider how greatly the FASB may influence future generations of technology workers and America's leadership position in innovation and job creation. I urge you and the FASB to not recommend the expensing of stock options.

Respectfully,

Thomas J. Boures Cisco Distinguished Engineer Employee 516