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From: Sent: Griffon Walker [griffon@cisco.com] Friday, June 11, 2004 5:05 AM

To:

Director - FASB

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

Dear Mr. Chairman Robert H. Herz,

I would like to ask you to review my remarks and to reconsider the current position of FASB on how to treat stock options.

Research has show that the artificially high valuation for a stock option required by FASB will definitely result in the eliminate stock options as a tool which has driven innovation and productivity in tech industry.

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As an employee owner (which is to say I get options like most regular employees) of Cisco for over five years I can assure you that options have made a huge economic difference in my life and the life of my wife and child. They have allowed us to raise our standard of living tremendously, buy property, afford cars and allow my wife to be at home to with our child. None of these things would have been possible without my ability to leverage the options granted by Cisco.

The loss of options to employee owners like myself will likely also cause huge down shifts in regional real estate markets, then the rental markets will follow, auto sales will be impacted and all other areas where folks would lean upon their options to make purchases that they would otherwise defer or do on credit.

Options help bond employees to Cisco and allow us to feel a sense of ownership. They empower us to always try and do the right thing for the company both internally and externally, this results in the greatest return of time, talent and product to our common share investors and the market place. The loss of options will create a tearing of that attachment and destabilize not just our own but many work environments globally, this could cause incalculable harm to the US tech economy over the long term.

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. 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 public interest will not be best served by reactionary or political posturing that damage the US tech industries ability to retain talent and a individual companies ability to invest in their employee's by having by forcing them to take short term approaching in a reaction to higher employee turn over rates.

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.). It is critical that tech companies be able to compete effectively globally, the key to this is talent retention.

Thank you for your time and consideration to this matter. Please keep in the forefront of your mind the life altering impact this policy will have on real people with real families who are maintaining a strong US growth sector in already challenging times.

-Griffon Walker

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