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Letter of Comment No: 1231  
File Reference: 1102-100

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**From:** Mark Noe (mnoe) [mnoe@cisco.com]  
**Sent:** Wednesday, April 21, 2004 12:09 PM  
**To:** Director - FASB  
**Cc:** savestockoptions@cisco.com  
**Subject:** File Reference No. 1102-100, save stock options

To: Chairman Robert H. Herz

TO REMAIN A WORLD LEADER and remain competitive in the technology sector, please do not expense stock options!

The stock option program at our company creates an environment in which teamwork and productivity thrives. Removing the ability of our company to broadly distribute stock options, from the mail room clerk to the CEO, will inevitably make each individual job role and contribution less meaningful. Today, we all share a common ownership in our organization and your plan will remove thousands of people from this ownership program at Cisco. This program helps our economy and improves the lives of so many. I have witnessed Cisco's broad distribution of stock options enable single mothers to purchase a home as well as parents send their children to college.

You will be introducing a detriment to our country and a benefit to other economies, particularly China, with your draft plan.

Please consider these points:

- 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'.

Thank you for your consideration.

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