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Letter of Comment No: 4247

File Reference: 1102-100

From: Joseph Jou (joejou) [joejou@cisco.com]

Sent: Sunday, June 13, 2004 11:01 AM

To: Director - FASB

Cc: savestockoptions@cisco.com

Subject: Save Stock Options - File Reference No. 1102-100

Dear Mr. Chairman:

In reading the news about new tax policy about expensing the stock option from the company, I really like express my view on this.

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'.

With above, I urge you **not** to expense stock options, especially at an unrealistically high valuation.

Regards,

Joseph Jou employee of Cisco Systems Inc.