## Stacev Sutav

 From:
 Hai Li [haili@cisco.com]

 Sent:
 Monday, April 19, 2004 4:47 PM

To: Director - FASB

Subject: no on expensing stock options

Dear FASB Directory,

I am writing in hoping that you will reconsider your proposal in requiring companies such as ours, Cisco Systems Inc. to expensing stock options.

Letter of Comment No: /30 File Reference: 1102-100

I joint Cisco in 1998 and over the last six years have received stock option grants in each and every year, as well as for each career promotions that I was able to achieve. The stock options, compared to my salary is of very significant value. It is of my opinion that broad-based stock options such as the one that Cisco System hands out to its employees as a valueable tool to motivate me to do my best to achieve the best result for the company.

I also share the the following general points based on my personal experience:

- 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 needs 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 attention and consideration,

Hai Li Cisco Systems Inc. 10850 Murdock Road Knoxville, TN 37919 (865)777-1563