

Stacey Sutay

From: Dan Huston [dhuston@cisco.com]
Sent: Monday, April 19, 2004 6:34 PM
To: Director - FASB
Subject: Stock Options

To Whom it May Concern:

I am an employee of Cisco Systems and am writing to you in protest of your recent recommendations regarding Stock Options. These are some reasons why I oppose those proposals:

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'.

Furthermore, it will be detrimental to my family. Oracle has already announced that they will be discontinuing some of their stock programs for their employees if these regulations take effect. I am sure that other companies, such as the one I work for, will follow suit. These programs are an essential part of my compensation and are a large piece of my retirement plans.

I hope you reconsider your recommendations,
Sincerely,
Dan Huston

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