ikon

From: Sent: Raymond Lindsay [rlindsay@cisco.com]
Tuesday, April 20, 2004 6:43 PM

Letter of Comment No: 760

File Reference: 1102-100

To: Director - FASB

Subject: File Reference No. 1102-100

Chairman Robert H. Herz.

I request that FASB change it's position on expensing stock options. As an employee of Cisco Systems this is an incentive for us to work hard and find ways to increase productivity which in turn saves the company overhead expenses and makes our operations more profitable. As the economy recovers (and the stock options) we have a dream to exercise the options and use the funds to move closer to work to have a better work life balance. The Silicon Valley housing prices are very high, and to buy a home at a reasonable distance from work is a high priority for me. To do this before I turn 90, we need to have a stock option program and a healthy economy. Forcing innovative companies to expense incentive stock options would make us less competitive in the United States. Think about the long term impact to shareholders and the national economy...

Here are the issues that we state as a company:

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'.

Again, please reconsider in our national economic and social interests.

Sincerely,

Ray Lindsay Cisco Systems 170 W. Tasman Drive San Jose, CA 95134