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Letter of Comment No: 662
File Reference: 1102-100

From: Bryan Waller (bwaller) [bwaller@cisco.com]
Sent: Tuesday, April 20, 2004 8:48 AM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: Just Say NO to Expensing of Stock Options! File Reference No. 1102-100
Importance: High

Chairman Robert H. Herz,

I would like to communicate to you my opinion on the prospect of expensing stock options. Let me start by saying I am an networking engineer by trade and do not have a strong financial background, so I will use my company's words with regard to the accounting issues revolving around this topic.

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.

What I do know is that Cisco is the only company I have worked for that issues stock options to it's employees. These options give me a sense of ownership in the company that I have not felt in other organizations. It must work as I have now been with Cisco for almost eight years.

I live in Western Michigan and can attest to the impact felt to a community when jobs are lost to overseas companies. Expensing of options will be just another reason why jobs move offshore. This is extremely critical as we are not talking about low paying manufacturing jobs, but high paying (read high tax base) positions that are key in America holding the high ground in High Tech Development.

Thanks in advance for your consideration of this owners opinion in this matter. I urge you to NOT to consider expensing stock options for the sake of American jobs.

Regards,

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