ikon

Letter of Comment No: 591 File Reference: 1102-100

From: Barry O'Neill [baoneill@cisco.com]
Sent: Tuesday, April 20, 2004 10:23 AM

To: Director - FASB

Cc: savestockoptions@cisco.com

Subject: File Reference No. 1102-100 Letter of Opposition

Please send an e-mail to director@fasb.org, File Reference No. 1102-100, addressed to "Chairman Robert H. Herz," as soon as possible. We really need employees' voices to be heard on this issue. If you are comfortable doing so, please forward a copy of your message to savestockoptions@cisco.com, so we may track the number of messages sent from Cisco. For more information on this issue, please visit www.savestockoptions.org.

Chairman Robert H. Herz;

I think that FASB is supporting the old Corporate Systems that have allowed for Executive Stock Option Compensation only. Let the Market deal with Stock Options, Investors have the right to choose. FASB is simply prescribing how to run a business in this case, and that is not there role. Companies like Cisco that have a broad based Stock Option plans are a breath of fresh air, in a US Corporate Culture that continues to get more stagnant. This rule change will not fix issues on Corporate Greed, but only limit Companies abilities to attract and compensate talented resources. Your ruling is pro-old school, large CAP companies, and anti small company.

I also agree with and would like to amplify Cisco's stated oppostion to this rule change;

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:

- \star 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'.

Barry O'Neill Program Manager Cisco Systems Phone 408 525 9795 Fax 408 527 2489 Pager 800 365 4578