

ikon

From: Buck Gee (gee) [gee@cisco.com]
Sent: Thursday, June 24, 2004 5:33 PM
To: Director - FASB
Subject: Misleading Stock Option Rules: File Reference No. 1102

Letter of Comment No: 5384
File Reference: 1102-100

TO: Chairman Robert H. Herz:

I have participated in 5 technology startups. I have been fortunate to have 3 succeed, but 2 have failed. However, in each case, you could not have predicted a priori which would eventually fail or succeed. To try to estimate a value for the value of stock options in those startups in order to expense them would have been a meaningless exercise and completely irrelevant to any potential investor. The critical issues that an investor needs to assess are the (i) potential upside of the investment, (ii) the risks of technology, markets, and execution, and (iii) cash flow. Artificial "expensing" of stock options is not a meaningful measure.

I urge you to reject the premise that expensing stock options would provide investors with a meaningful and material information about a company.

Respectfully yours,

Buck Gee
VP/GM, Storage Technology, Cisco Systems

previously President, Andiamo Systems (acquired by Cisco Feb'04)